

EXHIBIT 3

(PART 2 of 2)

PROBUSBUSINESSBANK GROUP

NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

These deductible temporary differences, which have no expiry dates, are listed below at their tax effected accumulated values:

RUR'000	Balance 1 January 2014	Transfers from assets of discontinued operations classified as held for sale	Acquisition of subsidiary (Note 46)	Recognized in profit for the period	Change in deferred tax asset not recognized	Recognized in equity	Balance 31 December 2014
Placements with banks and other financial institutions	18,105	18,000	10,196	(59,890)	-	-	(13,689)
Financial instruments at fair value through profit or loss (assets)	221,127	14,177	73,764	(672,024)	-	-	(362,956)
Amounts receivable under reverse repurchase agreements	-	-	-	173,719	-	-	173,719
Loans to customers	386,663	41,602	371,613	801,383	-	-	1,601,261
Available-for-sale securities	155	-	-	-	-	(155)	-
Property and equipment and intangible assets	(124,810)	(19,167)	35,443	(187,369)	-	34,249	(261,654)
Development property	-	-	-	87,510	(87,510)	-	-
Investment property	67,024	5,931	2,912	145,689	-	-	221,556
Other assets	201,072	44,274	24,407	518,472	-	-	788,225
Financial instruments at fair value through profit or loss (liabilities)	27,243	-	-	33,272	-	-	60,515
Deposits and balances from banks and other financial institutions	2	-	-	-	-	-	2
Current accounts and deposits from customers	9,090	277	-	2,846	-	-	12,213
Debt securities in issue	7,823	-	-	100,687	-	-	108,510
Other borrowed funds	(5,403)	-	-	2,365	-	-	(3,038)
Other liabilities	373,315	55,329	16,323	48,642	-	-	493,609
	1,181,406	160,423	534,658	995,302	(87,610)	34,094	2,818,373

PROBUSINESSBANK GROUP**NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
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RUR'000	Balance 1 January 2013	Recognized in profit for the period from continued operations	Recognized in equity	Balance 31 December 2013
Placements with banks and other financial institutions	(8,008)	26,113	-	18,105
Financial instruments at fair value through profit or loss (assets)	214,915	6,212	-	221,127
Loans to customers	323,817	62,846	-	386,663
Available-for-sale securities	245	-	(90)	155
Property and equipment and intangible assets	(178,084)	84,970	(31,696)	(124,810)
Investment property	31,524	35,500	-	67,024
Other assets	182,691	18,381	-	201,072
Financial instruments at fair value through profit or loss (liabilities)	19,051	8,192	-	27,243
Deposits and balances from banks and other financial institutions	2	-	-	2
Current accounts and deposits from customers	2,442	6,648	-	9,090
Debt securities in issue	(5,614)	13,437	-	7,823
Other borrowed funds	(7,801)	2,398	-	(5,403)
Other liabilities	308,757	64,558	-	373,315
	883,937	329,255	(31,786)	1,181,406

Income tax recognized in other comprehensive income

The tax effects relating to components of other comprehensive income comprise:

RUR'000	2014			2013		
	Amount before tax	Tax benefit	Amount net-of-tax	Amount before tax	Tax expense	Amount net-of-tax
Net change in fair value of available-for-sale securities	-	-	-	(296)	59	(237)
Disposal of available-for-sale securities revalued in prior periods	772	(155)	617	746	(149)	597
Revaluation of property and equipment	(165,110)	33,022	(132,088)	203,407	(40,681)	162,726
Other comprehensive income	(164,338)	32,867	(131,471)	203,857	(40,771)	163,086

PROBUSBUSINESSBANK GROUP**NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014****16. PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS**

	2014 RUR'000	2013 RUR'000
NOT IMPAIRED OR PAST DUE		
Nostro accounts		
Rated from AA- to AA+	1,255	366,225
Rated A- to A+	1,833,792	1,800,725
Rated BBB	170,908	1,252,331
Rated from BB- to BB+	2,753,196	58,120
Not rated	12,536,211	11,214,091
Total nostro accounts	17,295,362	14,691,492
Loans and deposits		
Rated from AA- to AA+	2,812,920	1,636,460
Rated BBB	500,001	2,157,070
Rated below B+	-	15,000
Not rated	2,510,766	1,105,023
Total loans and deposits	5,823,687	4,913,553
IMPAIRED OR PAST DUE		
Loans to banks	41,973	851
Provision for impairment	(41,973)	(851)
Net impaired loans to Russian banks	-	-
	23,119,049	19,605,045

As at 31 December 2014, impaired placements with banks and other financial institutions comprise placements with banks and other financial institutions overdue for more than 1 year amounted to RUR 41,973 thousand (31 December 2013: RUR 851 thousand).

As at 31 December 2014 and 2013, included in balances due from banks are guarantee deposits placed by the Group for its operations with credit cards totaling RUR 639,223 thousand and RUR 371,461 thousand, respectively.

Not rated placements with banks and other financial institutions are not considered to be impaired by the risk management of the Group as such financial institutions have low credit risk with no past due history and well performing businesses.

Concentration of placements with banks

As at 31 December 2014 and 2013, the Group had two counterparties, whose balances individually exceeded 10% of the Group's equity. The gross value of these balances as at 31 December 2014 and 2013 were RUR 5,395,194 thousand and RUR 2,949,386 thousand, respectively.

Analysis of movements in the impairment allowance

	2014 RUR'000	2013 Restated (Note 4) RUR'000
Balance at the beginning of the year	851	851
Provisions	41,122	-
Balance at the end of the year	41,973	851

PROBUSBANK GROUP**NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014****17. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS**

	2014 RUR'000	2013 RUR'000
ASSETS		
Debt and other fixed-income instruments		
Government and municipal bonds		
External bonds of Russian Federation RF-30	9,293,494	5,310,365
External bonds of Russian Federation RF-28	3,519,070	2,407,760
External bonds of Russian Federation RF-42	2,779,089	957,345
Ministry of Finance RF OFZ-26206	2,488,748	5,331,460
Ministry of Finance RF OFZ-26208	1,907,100	1,207,368
USDPE 2020 United States Department of the Treasury eurobonds	1,741,415	-
Ministry of Finance RF OFZ-25079	1,722,902	964,896
External bonds of Russian Federation RF-22	1,532,641	1,022,075
USDPE 2020 United States Department of the Treasury eurobonds	1,171,862	-
Ministry of Finance RF OFZ-26210	967,405	621,428
Ministry of Finance RF OFZ-26205	813,125	703,735
Ministry of Finance RF OFZ-25080	785,218	5,255,308
Ministry of Finance RF OFZ-26211	773,511	-
Ministry of Finance RF OFZ-26207	662,046	1,364,824
Ministry of Finance RF OFZ-25077	656,546	-
Ministry of Finance RF OFZ-26203	439,587	-
Ministry of Finance RF OFZ-46021	385,627	429,283
Ministry of Finance RF OFZ-26204	253,011	-
Ministry of Finance RF OFZ-26209	231,485	1,210,435
Government bonds of Nizhegorodskiy region	152,779	-
Ministry of Finance RF OFZ-26212	133,678	-
Bonds of Novosibirsk region administration NSIBO-34005	92,822	-
Ministry of Finance RF OFZ-46017	91,192	803,650
Ministry of Finance Samara Region bonds MSFOO-35007	19,464	-
Government bonds of Sverdlov region	19,308	1
Bonds of Krasnoyarsk region administration KRKRO-34005	14,190	-
Ministry of Finance RF OFZ-25076	-	2,839,673
External bonds of Russian Federation RF-2018-2	-	2,577,513
USDPE 2015-08 United States Department of the Treasury eurobonds	-	527,666
Ministry of Finance RF OFZ-26210	-	420,708
USDPE 2015-03 United States Department of the Treasury eurobonds	-	295,088
Total government and municipal bonds	32,647,315	34,250,581
Debt securities of companies and banks		
GBP Eurobond Finance GBPEE-2017	1,406,432	972,134
VTB Capital Plc Eurobonds	1,240,011	911,433
SB Capital SA SBCLE-2022 Eurobonds	967,137	638,806
VEB Finance Plc Eurobonds	526,503	414,433
BANQUE EUROPEENNE D'INVESTISSEMENT-BEI/EIB EIBEE-2015	227,548	133,571
Bonds of CB "Rossiyskiy Capital" (OJSC)	194,282	-
Bonds of OJSC "Roselkhozbank"	186,935	-
Bonds of OJSC "Gazprombank"	186,771	-
Bonds of OJSC "Bank VTB"	97,079	-
Bonds of OJSC "Transneft"	90,099	-
Bonds of OJSC "GTLK"	61,706	-
Bonds of OJSC "Tatfondbank"	50,792	-
Bonds of OJSC "Rosbank"	50,108	-
Bonds of LLC "Akron"	49,905	-
Bonds of OJSC "Megafon"	49,121	-
Bonds of Vnesheconombank	48,461	-
Bonds of AK "ALROSA" CJSC	48,148	-
OJSC "Moskovskiy Kreditnyy Bank"	41,125	-
Bonds of OJSC "RZD"	37,155	-
VTBEE-2022 Eurobonds VTB Eurasia Limited	8,144	-
Federal Grid Finance Ltd bonds FGFL-2019	-	406,477
AHML Finance Limited Eurobonds AHMLE-2018	-	382,665

PROBUSBANK GROUP**NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
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	2014 RUR'000	2013 RUR'000
INTER AMERICAN DEVELOPMENT BANK Eurobonds IADBE-2018	-	247,269
KREDITANSTALT FUR WIEDERAUFBAU Eurobonds KRFWE-2019	-	223,966
NV BANK NEDERLANDSE GEMEENTEN Eurobonds BNGBE-2023	-	219,071
Asian Development Bank Eurobonds ASINE-2019	-	162,635
BANQUE EUROPEENNE D'INVESTISSEMENT-BEI/EIB EIBEE-2020	-	116,805
Other	431	3
Total debt securities of companies and banks	5,567,893	4,829,268
Equity securities		
OJSC Sberbank RF	170,118	41
Apple Inc.	-	1,308,953
OJSC RN Holding (TNK PB Holding)	-	19,817
Mobilniye telesistemy	-	4,946
Cherepovetskiy MK Severstal	-	4,313
OJSC "Bank VTB"	-	10
Other	225	176
Total equity securities	170,343	1,338,256
Derivative financial instruments		
Foreign currency contracts	4,327,720	23,672
Securities contracts	30,097	12,951
Index contracts	-	171,355
Other	-	1,894
Total derivative financial instruments	4,357,817	209,872
Total financial instruments at fair value through profit or loss	42,743,368	40,627,977
LIABILITIES		
Derivative financial instruments		
Securities contracts	(16,584)	-
Liabilities for sale of securities	-	(1,311,503)
Foreign currency contracts	(212,843)	(63,065)
	(229,427)	(1,374,568)

As at 31 December 2014 and 2013, financial assets at fair value through profit or loss include Russian Government Federal bonds with nominal interest rates in the range 5.63%-9.85% and maturity in 2015-2042 and 4.50%-12.75% with maturity in 2014-2042, respectively. As at 31 December 2014, and 2013 financial assets at fair value through profit or loss include debt securities of companies and banks with nominal interest rates in the range 1.38%-12.25% with maturity in 2015-2022 and 1.38%-8.60% with maturity in 2015-2023, respectively.

As at 31 December 2014 and 2013, financial assets at fair value through profit or loss in the amount of RUR 5,584,839 thousand and RUR 1,311,503 thousand, respectively, were pledged as collateral for liabilities for sale of securities (Note 27).

PROBUSINESSBANK GROUP**NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014****Foreign currency contracts**

The table below summarises, by major currencies, the contractual amounts of forward exchange contracts outstanding at 31 December 2014 and 2013 with details of the contractual exchange rates and remaining periods to maturity. Foreign currency amounts presented below are translated at rates prevailing at the reporting date. The resulting unrealised gains and losses on these unmatured contracts, along with the amounts payable and receivable on the matured but unsettled contracts, are recognized in profit or loss and in financial instruments at fair value through profit or loss, as appropriate.

	Notional amount		Weighted average contracted exchange rates	
	2014 RUR'000	2013 RUR'000	2014 RUR'	2013 RUR
Buy RUR sell USD				
Less than three months	25,370,962	-	66.4783	-
Buy RUR sell USD				
Less than one month	6,161,007	18,270,705	57.2807	32.7433
Buy EUR sell USD				
Less than three months	5,125,703	626,431	1.2250	1.3756
Buy RUR sell USD				
Less than one month	3,891,156	-	58.0849	-
Buy EUR sell USD				
Less than one month	1,025,141	-	1.2187	-
Buy USD sell RUR				
Less than one month	660,775	-	56.5335	-
Buy RUR sell EUR				
Less than three months	544,795	652,886	80.2951	45.0268
Buy RUR sell EUR				
Less than one month	456,188	-	70.4474	-
Buy EUR sell USD				
Less than one month	354,015	-	1.2200	-
Buy RUR sell EUR				
Less than one month	115,819	-	64.5596	-
Buy RUR sell EUR				
Less than one month	76,171	-	1.2187	-
Buy RUR sell GBP				
Less than three months	4,305	-	86.1000	-
Buy USD sell RUR				
Less than one month	-	4,110,133	-	32.9963
Buy EUR sell RUR				
Less than one month	-	4,508,683	-	44.9579
Buy RUR sell CHF				
From three to six months	-	220,200	-	36.7000
Buy JPY sell RUR				
Less than three months	-	118,637	-	0.3500
Total	43,786,037	28,507,675		

PROBUSBANK GROUP**NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
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The Group's position and carrying amounts of securities contracts at 31 December 2014 and 2013 are presented below. The resultant unrealised gains and losses on these unmatured contracts, along with the amounts payable and receivable on the matured but unsettled contracts, are recognized in profit or loss and in financial instruments at fair value through profit or loss, as appropriate.

	2014 RUR '000			2013 RUR '000		
	Asset	Liability	Net value	Asset	Liability	Net value
Securities contracts						
Assets						
Forwards	2,589,582	(2,559,485)	30,097	5,167,219	(5,158,155)	9,064
Spots	-	-	-	2,280,611	(2,276,724)	3,887
	<u>2,589,582</u>	<u>(2,559,485)</u>	<u>30,097</u>	<u>7,447,830</u>	<u>(7,434,879)</u>	<u>12,951</u>
Liabilities						
Forwards	3,716,079	(3,732,663)	(16,584)	-	-	-
	<u>3,716,079</u>	<u>(3,732,663)</u>	<u>(16,584)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total securities contracts	<u>6,305,661</u>	<u>(6,292,148)</u>	<u>13,513</u>	<u>7,447,830</u>	<u>(7,434,879)</u>	<u>12,951</u>

The maturity of financial instruments at fair value through profit or loss is presented in Note 43, which shows the remaining period from the reporting date to the contractual maturity of Financial instruments at fair value through profit or loss.

18. AMOUNTS RECEIVABLE UNDER REVERSE REPURCHASE AGREEMENTS

	2014 RUR'000	2013 RUR'000
Amounts receivable under reverse repurchase agreements		
Other Russian Banks	1,000,614	6,440
Total amounts receivable under reverse repurchase agreements	<u>1,000,614</u>	<u>6,440</u>

Fair value of assets pledged and carrying value of amounts receivable under repurchase agreements as at 31 December 2014 and 2013:

	31 December 2014		31 December 2013	
	Fair value of collateral	Carrying value of amounts receivable under reverse repurchase agreements	Fair value of collateral	Carrying value of amounts receivable under reverse repurchase agreements
Corporate bonds	1,194,901	1,000,614	8,143	6,440
Total	<u>1,194,901</u>	<u>1,000,614</u>	<u>8,143</u>	<u>6,440</u>

The maturity of amounts receivable under repurchase agreements is presented in Note 43, which shows the remaining period from the reporting date to the contractual maturity of amounts receivable under repurchase agreements.

PROBUSINESSBANK GROUP**NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
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	2014 RUR'000	2013 RUR'000
Loans to large corporates	19,935,404	7,494,541
Corporate bonds	5,825,629	-
Total loans to large corporates	25,761,033	7,494,541
Financing receivables	6,378,978	6,908,800
Total financing receivables	6,378,978	6,908,800
Loans to small and medium size borrowers		
Consumer loans	35,201,108	30,452,760
Credit cards	9,627,113	6,152,159
Car loans	49,322	47,024
Other	13,581,463	16,609,176
Total loans to small and medium size borrowers	58,459,006	53,261,119
Gross loans to customers	90,599,017	67,664,460
Impairment allowance	(14,258,351)	(8,125,253)
Net loans to customers	76,340,666	59,539,207

Movements in the loan impairment allowance for the year ended 31 December are as follows:

	2014 RUR'000	2013 RUR'000
Balance at the beginning of the year	8,125,253	6,333,232
Net charge for the year recognized in profit for the period from continuing operations	9,682,203	4,741,326
Loans written off during the year as uncollectible	(4,780,156)	(2,949,305)
Accumulated allowance transferred from assets of discontinued operations classified as held for sale	1,231,051	-
Balance at the end of the period	14,258,351	8,125,253

Loan impairment allowance by classes for the year ended 31 December 2014 and 2013 are as follows:

	2014 RUR'000	2013 RUR'000
Loans to large corporates	3,573,756	788,471
Loans to small and medium size borrowers	9,851,024	6,803,325
Financing receivables	833,571	533,457
Balance at the end of the reporting period	14,258,351	8,125,253

During 2014, the Group has changed its classification of loans. The Group has redetermined the level of materiality for classification for individually significant loans, which are to be assessed for objective evidence of impairment on an individual basis. The loans which are lower than this revised level of materiality, are reclassified to the category "small and medium size borrowers" which are collectively assessed for impairment on a portfolio basis. The loan portfolio as at 31 December 2013 was represented accordingly.

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As at 31 December 2014, corporate bonds with the carrying amount of RUR 5,878 thousand (31 December 2013: zero) was represented by corporate bonds that are not quoted in an active market.

Credit rating	Currency	Nominal value	Interest rate %	Issue date	Maturity date	RUR'000
BBB	USD	50,000,000	3.5%	2014	2018	2,861,490
A-	USD	50,000,000	2.8%	2014	2019	2,964,139
Total private placements bonds						5,825,629

The following table provides information on the credit quality of the loans to large corporates portfolio as at 31 December 2014:

	Gross loans RUR'000	Allowance for impairment RUR'000	Net loans RUR'000	Impairment to gross loans %
Loans to large corporates				
Loans for which no impairment has been identified:				
- Standard loans	14,304,475	(110,674)	14,193,801	0.77%
- Watch list loans	1,756,501	(10,836)	1,745,665	0.62%
Total loans for which no impairment has been identified	16,060,976	(121,510)	15,939,466	0.76%
Impaired loans:				
- not overdue	923,036	(571,834)	351,202	61.95%
- overdue less than 90 days	26,807	(22,477)	4,330	83.85%
- overdue more than 90 days and less than 1 year	136,725	(122,324)	14,401	89.47%
- overdue more than 1 year	2,787,860	(2,735,611)	52,249	98.13%
Total impaired loans	3,874,428	(3,452,246)	422,182	89.10%
Total loans to large corporates	19,935,404	(3,573,756)	16,361,648	17.93%

The following table provides information on the credit quality of the loans to large corporates portfolio legal entities portfolio as at 31 December 2013:

	Gross loans RUR'000	Allowance for impairment RUR'000	Net loans RUR'000	Impairment to gross loans %
Loans to large corporates				
Loans for which no impairment has been identified:				
- Standard loans	5,065,996	(58,144)	5,007,852	1.15%
- Watch list loans	1,609,249	(18,628)	1,590,621	1.17%
Total loans for which no impairment has been identified	6,675,245	(76,772)	6,598,473	1.15%
Impaired loans:				
- not overdue	547,796	(448,419)	99,377	81.86%
- overdue less than 90 days	155,083	(146,663)	8,420	94.57%
- overdue more than 90 days and less than 1 year	93,533	(93,533)	-	100.00%
- overdue more than 1 year	22,884	(22,884)	-	100.00%
Total impaired loans	819,296	(711,499)	107,797	86.84%
Total loans to large corporates	7,494,541	(788,471)	6,706,070	10.52%

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As at 31 December 2014, the Group had two counterparties, whose balances individually exceeded 10% of the Group's equity. The gross value of these balances as at 31 December 2014 were RUR 5,877,786.

During the year ended 31 December 2014, the Group renegotiated loans to legal entities that would otherwise be past due or impaired of RUR 185,539 thousand (31 December 2013: RUR 390,790 thousand). Such restructuring activity is aimed at managing customer relationships and maximising collection opportunities.

In 2013, the Group changed the assumptions used to provide for loans to small and medium sized businesses for which no impairment has been identified due to market improvement compared to last year. When determining the provision for loans for which no impairment has been identified, the Group started to use the overdue debt migration model for calculation of probabilities of default on the basis of overdue period and collected history. This methodology will be used prospectively.

Analysis of movements in the impairment allowance

Movements in the loan impairment allowance by classes of loans to legal entities for the year ended 31 December 2014 are as follows:

	Loans to large corporates RUR'000
Loan Impairment allowance as at 1 January	788,471
Loan impairment losses	3,117,166
Loans written off as uncollectible	(331,881)
Loan impairment allowance as at 31 December	3,573,756

Movements in the loan impairment allowance by classes of loans to legal entities for the year ended 31 December 2013 are as follows:

	Loans to large corporates RUR'000
Loan impairment allowance as at 1 January	492,306
Loan impairment losses	436,831
Loans written off as uncollectible	(140,666)
Loan impairment allowance as at 31 December	788,471

PROBUSBANK GROUP**NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
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The following table provides information on the credit quality of the financing receivables as at 31 December 2014:

	Gross loans RUR'000	Provision for impairment RUR'000	Net loans RUR'000	Impairment to gross loans %
Financing receivables				
Financing receivables without individual signs of impairment				
-Standard financing receivables	5,437,510	(38,602)	5,398,908	0.71%
Total financing receivables for which no impairment has been identified	5,437,510	(38,602)	5,398,908	0.71%
Impaired financing receivables:				
- Overdue less 30 days	68,824	(23,296)	45,528	33.85%
- Overdue 30-89 days	72,318	(41,189)	31,129	56.96%
- Overdue 90-179 days	166,879	(134,029)	32,850	80.32%
- Overdue 180-360 days	147,344	(135,666)	11,678	92.07%
- Overdue more than 360 days	486,103	(460,789)	25,314	94.79%
Total impaired financing receivables	941,468	(794,969)	146,499	84.44%
Total financing receivables	6,378,978	(833,571)	5,545,407	13.07%

The following table provides information on the credit quality of the financing receivables as at 31 December 2013:

	Gross loans RUR'000	Provision for impairment RUR'000	Net loans RUR'000	Impairment to gross loans %
Financing receivables				
Financing receivables without individual signs of impairment				
-Standard financing receivables	5,928,097	(52,800)	5,875,297	0.89%
Total financing receivables for which no impairment has been identified	5,928,097	(52,800)	5,875,297	0.89%
Impaired financing receivables:				
- Overdue less 30 days	119,539	(15,114)	104,425	12.64%
- Overdue 30-89 days	130,713	(24,297)	106,416	18.59%
- Overdue 90-179 days	141,976	(40,080)	101,896	28.23%
- Overdue 180-360 days	169,741	(88,001)	81,740	51.84%
- Overdue more than 360 days	418,734	(313,165)	105,569	74.79%
Total impaired financing receivables	980,703	(480,657)	500,046	49.01%
Total financing receivables	6,908,800	(533,457)	6,375,343	7.72%

The Group has financed small and medium retailers with pre-shipments financing amounting to RUR 6,378,978 thousand and RUR 6,908,800 thousand as at 31 December 2014 and 2013. Such receivables are secured by the underlying goods purchased and have a short term maturity from 1 to 6 months.

PROBUSBUSINESSBANK GROUP**NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
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Movements in the loan impairment of financing receivables for the year ended 31 December 2014 are as follows:

	Financing receivables RUR'000
Loan impairment allowance as at 1 January	533,457
Loan impairment losses	<u>300,114</u>
Loan impairment allowance as at 31 December	<u>833,571</u>

Movements in the loan impairment of financing receivables for the year ended 31 December 2013 are as follows:

	Financing receivables RUR'000
Loan impairment allowance as at 1 January	583,171
Recovery of loan impairment losses	<u>(49,714)</u>
Loan impairment allowance as at 31 December	<u>533,457</u>

PROBUSBUSINESSBANK GROUP**NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014****Credit quality of loans to small and medium size borrowers**

The following table provides information on the credit quality of loans to small and medium size borrowers collectively assessed for impairment as at 31 December 2014:

	Gross loans RUR'000	Provision for impairment RUR'000	Net loans RUR'000	Provision for impairment to gross loans %
Consumer loans				
Not past due	26,622,247	(107,779)	26,514,468	0.40%
Overdue less than 30 days	1,480,743	(155,029)	1,325,714	10.47%
Overdue 30-89 days	1,310,430	(261,422)	1,049,008	19.95%
Overdue 90-179 days	1,499,057	(597,605)	901,452	39.87%
Overdue 180-360 days	3,029,949	(1,969,770)	1,060,179	65.01%
Overdue more than 360 days	1,258,682	(1,095,599)	163,083	87.04%
Total consumer loans	35,201,108	(4,187,204)	31,013,904	11.90%
Credit cards				
Not past due	7,669,896	(59,037)	7,610,859	0.77%
Overdue less than 30 days	348,543	(40,930)	307,613	11.74%
Overdue 30-89 days	525,001	(131,264)	393,737	25.00%
Overdue 90-179 days	339,494	(137,497)	201,997	40.50%
Overdue 180-360 days	495,969	(226,357)	269,612	45.64%
Overdue more than 360 days	248,210	(148,988)	99,222	60.03%
Total credit cards	9,627,113	(744,073)	8,883,040	7.73%
Car loans				
Not past due	39,209	(301)	38,908	0.77%
Overdue less than 30 days	2,081	(85)	1,996	4.06%
Overdue 90-179 days	117	(76)	41	65.45%
Overdue 180-360 days	1,241	(984)	257	79.28%
Overdue more than 360 days	6,674	(1,522)	5,152	22.81%
Total car loans	49,322	(2,968)	46,354	6.02%
Other loans				
Not past due	7,722,251	(59,487)	7,662,764	0.77%
Overdue less than 30 days	378,022	(50,145)	327,877	13.27%
Overdue 30-89 days	352,621	(157,994)	194,627	44.81%
Overdue 90-179 days	386,792	(273,781)	113,011	70.78%
Overdue 180-360 days	1,013,465	(841,618)	171,847	83.04%
Overdue more than 360 days	3,728,312	(3,533,754)	194,558	94.78%
Total other loans	13,581,463	(4,916,779)	8,664,684	36.20%
Total small and medium size borrowers	58,459,006	(9,851,024)	48,607,982	16.85%

PROBUSINESSBANK GROUP**NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

The following table provides information on the credit quality of loans to small and medium size borrowers collectively assessed for impairment as at 31 December 2013:

	Gross loans RUR'000	Provision for impairment RUR'000	Net loans RUR'000	Provision for impairment to gross loans %
Consumer loans				
Not past due	23,752,140	(165,072)	23,587,068	0.69%
Overdue less than 30 days	1,304,527	(187,143)	1,117,384	14.35%
Overdue 30-89 days	1,216,385	(492,755)	723,630	40.51%
Overdue 90-179 days	1,199,912	(784,502)	415,410	65.38%
Overdue 180-360 days	1,902,018	(1,559,850)	342,168	82.01%
Overdue more than 360 days	1,077,778	(461,960)	615,818	42.86%
Total consumer loans	30,452,760	(3,651,282)	26,801,478	11.99%
Credit cards				
Not past due	5,397,423	(37,443)	5,359,980	0.69%
Overdue less than 30 days	149,029	(21,365)	127,664	14.34%
Overdue 30-89 days	106,056	(25,045)	81,011	23.61%
Overdue 90-179 days	93,221	(28,078)	65,143	30.12%
Overdue 180-360 days	61,170	(21,691)	39,479	35.46%
Overdue more than 360 days	345,280	(185,327)	159,933	53.68%
Total credit cards	6,152,159	(318,949)	5,833,210	5.18%
Car loans				
Not past due	21,237	(147)	21,090	0.69%
Overdue less than 30 days	1,105	(158)	947	14.32%
Overdue 30-89 days	1,510	(301)	1,209	19.90%
Overdue 90-179 days	316	(73)	243	23.04%
Overdue 180-360 days	1,420	(514)	906	36.22%
Overdue more than 360 days	21,436	(9,654)	11,782	45.04%
Total car loans	47,024	(10,847)	36,177	23.07%
Other loans				
Not past due	12,604,563	(250,314)	12,354,249	1.99%
Overdue less than 30 days	362,437	(51,008)	311,429	14.07%
Overdue 30-89 days	382,737	(118,474)	264,263	30.95%
Overdue 90-179 days	527,831	(268,280)	259,551	50.83%
Overdue 180-360 days	787,222	(485,308)	301,914	61.65%
Overdue more than 360 days	1,944,386	(1,648,863)	295,523	84.80%
Total other loans	16,609,176	(2,822,247)	13,786,929	16.99%
Total small and medium size borrowers	53,261,119	(6,803,325)	46,457,794	12.77%

As at 31 December 2014, included in the loan portfolio are restructured loans to small and medium size borrowers that would otherwise be past due or impaired of RUR 271,196 thousand (31 December 2013: RUR 549,354 thousand).

PROBUSBUSINESSBANK GROUP**NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014****Analysis of movements in the impairment allowance**

Movements in the loan impairment allowance by classes of loans to small and medium borrowers for the year ended 31 December 2014 are as follows:

RUR'000	Consumer loans	Credit cards	Car loans	Other loans	Total
Loan impairment allowance as at 1 January	3,651,282	318,949	10,847	2,822,247	6,803,325
Accumulated allowance transferred from assets of discontinued operations classified as held for sale	1,225,073	5,978	-	-	1,231,051
Loan impairment losses	2,905,677	925,861	(7,183)	2,440,568	6,264,923
Loans written off as uncollectible	(3,594,828)	(506,715)	(696)	(346,036)	(4,448,275)
Loan impairment allowance as at 31 December	4,187,204	744,073	2,968	4,916,779	9,851,024

Movements in the loan impairment allowance by classes of loans to small and medium borrowers for the year ended 31 December 2013 are as follows:

RUR'000	Consumer loans	Credit cards	Car loans	Other loans	Total
Loan impairment allowance as at 1 January	4,668,494	57,381	31,953	499,927	5,257,755
Loan impairment losses	1,651,940	261,568	(21,106)	2,461,807	4,354,209
Loans written off as uncollectible	(2,669,152)	-	-	(139,487)	(2,808,639)
Loan impairment allowance as at 31 December	3,651,282	318,949	10,847	2,822,247	6,803,325

Analysis of collateral

The following table provides the analysis of loans gross of impairment, by types of collateral as at 31 December 2014 and 2013:

	2014 RUR'000	% of loan portfolio RUR'000	2013 RUR'000	% of loan portfolio RUR'000
Guarantees	18,034,686	19.91%	3,915,607	5.79%
Other collateral	5,449,599	6.02%	7,729,681	11.44%
Motor vehicles	4,114,889	4.53%	4,510,896	6.67%
Real estate	3,140,137	3.47%	3,331,648	4.92%
Traded securities	423,968	0.47%	297,404	0.43%
No collateral	59,435,738	65.60%	47,879,224	70.75%
Total	90,599,017	100.00%	67,664,460	100.00%

The amounts shown in the table above represent the gross values of the loans, and do not necessarily represent the fair value of the collateral.

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Impaired or overdue loans to large corporates with a gross value of RUR 2,424,009 thousand (31 December 2013: RUR 1,749,712 thousand) are secured by collateral with a fair value of RUR 3,671,999 thousand (31 December 2013: RUR 3,367,505 thousand). For the remaining impaired loans of RUR 1,450,419 thousand (31 December 2013: RUR 2,740,396 thousand) there is no collateral or it is impracticable to determine the fair value of the collateral.

Auto loans are secured by underlying vehicles. Credit card overdrafts and consumer loans are not secured.

During the year ended 31 December 2014, the Group obtained assets by taking control of collateral accepted as security for commercial loans in the total amount of RUR 70,192 thousand (31 December 2013: RUR 6,570 thousand) and is included in other assets (Note 24). This has been accounted for as non-cash item for the purposes of composition of consolidated statement of cash flows.

Industry analysis of the loan portfolio

Loans to customers were issued primarily to customers located within the Russian Federation who operate in the following economic sectors:

	2014 RUR'000	2013 RUR'000
Individuals	55,423,853	42,922,279
Trade	17,981,222	14,912,740
Finance	6,003,529	1,357,787
Construction	2,456,454	1,139,154
Manufacturing	1,178,479	327,712
Heavy industry	113,700	285,118
Agriculture	589,354	279,868
Other	6,852,426	6,439,802
	90,599,017	67,664,460
Impairment allowance	(14,258,351)	(8,125,253)
	76,340,666	59,539,207

Loan maturities

The maturity of the loan portfolio is presented in Note 43, which shows the remaining period from the reporting date to the contractual maturity of the loans.

20. HELD-TO-MATURITY INVESTMENTS

	2014 RUR'000	2013 RUR'000
Government bonds		
Ministry of Finance RF OFZ-26203	3,755,069	519,905
Ministry of Finance RF OFZ-25080	1,306,647	-
Ministry of Finance RF OFZ-25079	978,751	978,569
Ministry of Finance RF OFZ-25077	792,704	-
Ministry of Finance RF OFZ-25082	145,230	-
Total government and municipal bonds	6,978,401	1,498,474

As at 31 December 2014 and 2013, held-to-maturity investments include Russian Government Federal bonds with interest rates in the range 6.00%-7.35% and maturity in 2015-2017 and 6.90%-7.00% and maturity in 2015-2016.

Government bonds in the amount of RUR 1,099,607 thousand are pledged to amounts payable under repurchase agreements with maturity less than 1 month (Note 17).

PROBUSINESSBANK GROUP

NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
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21. PROPERTY, EQUIPMENT AND INTANGIBLE ASSETS

RUR'000	Land and buildings	Equipment	Motor vehicles	Intangible assets	Leasehold assets improvements	Construction in progress	Total
Cost/revalued amount							
At 1 January 2014	1,914,298	3,267,436	156,660	1,228,198	460,194	175,732	7,191,508
Transfers from assets of discontinued operations classified as held for sale	423,731	421,741	4,546	11,667	-	6,674	868,359
Additions	3,469	1,514,500	45,643	347,527	-	94,330	2,005,569
Disposals	(138,565)	(313,579)	(61,415)	(2,915)	-	-	(516,474)
Transfer	-	-	-	-	46,476	(46,476)	-
Acquisition of subsidiary (note 46)	1,132,693	109,942	18,815	11,956	-	-	1,272,406
Revaluation	(236,053)	-	-	-	-	-	(236,053)
At 31 December 2014	3,099,573	4,999,140	163,239	1,586,433	496,670	230,260	10,585,315
Depreciation and amortization							
At 1 January 2014	-	1,780,055	65,470	593,082	321,098	-	2,759,705
Transfers from assets of discontinued operations classified as held for sale	-	146,923	9,895	1,669	-	-	158,487
Depreciation and amortization charge	71,396	717,892	40,038	206,118	103,383	-	1,140,627
Disposals	(453)	(191,386)	(44,626)	(483)	-	-	(238,946)
Elimination of accumulated depreciation of revalued assets	(70,943)	-	-	-	-	-	(70,943)
At 31 December 2014	-	2,453,484	70,777	802,386	424,481	-	3,751,128
Carrying value							
At 31 December 2014	3,099,573	2,545,656	92,462	784,047	72,189	230,260	6,834,187
RUR'000	Land and buildings	Equipment	Motor vehicles	Intangible assets	Leasehold assets improvements	Construction in progress	Total
Cost/revalued amount							
At 1 January 2013	1,999,066	2,643,144	141,981	886,849	393,440	161,560	6,228,030
Additions	12,350	699,360	59,129	339,941	-	62,256	1,193,036
Disposals	(73,620)	(47,627)	(45,460)	(592)	-	(11,320)	(178,619)
Transfer	-	-	-	-	56,754	(56,754)	-
Transfers to investment property	(7,857)	-	-	-	-	-	(7,857)
Transfers to assets of discontinued operations classified as held for sale	(180,024)	(27,441)	-	-	-	-	(207,465)
Revaluation	164,383	-	-	-	-	-	164,383
At 31 December 2013	1,914,298	3,267,436	156,660	1,228,198	460,194	175,732	7,191,508
Depreciation and amortization							
At 1 January 2013	-	1,304,864	55,989	447,879	222,046	-	2,030,778
Depreciation and amortization charge	38,298	525,547	37,885	145,795	99,052	-	846,577
Transfers to assets of discontinued operations classified as held for sale	(2,787)	(18,756)	-	-	-	-	(21,543)
Disposals	(988)	(31,600)	(28,404)	(592)	-	-	(61,584)
Elimination of accumulated depreciation of revalued assets	(34,523)	-	-	-	-	-	(34,523)
At 31 December 2013	-	1,780,055	65,470	593,082	321,098	-	2,759,705
Carrying value							
At 31 December 2013	1,914,298	1,487,381	90,180	635,116	129,096	175,732	4,431,803

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Intangible assets consist of licences and purchased and developed software.

As at 31 December 2014 and 2013 included in property and equipment were fully depreciated assets totaling RUR 1,212,217 thousand and RUR 898,896 thousand, respectively.

Revalued assets

As at 31 December 2014, buildings were revalued by the Management based on the results of an independent appraisal.

The valuation was performed based on the market and income capitalization approaches.

The estimate of the market value is based on the direct comparison of the revalued object with other objects sold or offered for sale. The market value of premises is determined by the price which an independent party would pay for an object similar by its quality and use. The market value of premises was estimated based on information on sales of the comparable items that took place in the market.

The following key assumptions are used in applying income capitalization approaches:

- Net operating income was estimated based on the market rental rates of RUR 1,912 - 27 000 per square meter per annum depending on the characteristics of the revalued assets;
- Capitalization rates used for estimation of fair value of properties (depending on its type) ranging from 12% to 14% respectively.

The values assigned to the key assumptions represent Management's assessment of future business trends and are based on both external sources and internal sources of information.

	2014 RUR'000	2013 RUR'000
Analysis of revaluation movements		
Revaluation for the period	-	167,708
Elimination of accumulated depreciation of revalued assets	70,943	39,686
Recovery of impairment allowance	-	(58,996)
Change in revaluation assets of discontinued operations classified as held for sale	-	55,009
Impairment allowance for the year	(236,053)	-
Revaluation for the period in the statement of changes in equity before tax	(165,110)	203,407

The carrying value of buildings as at 31 December 2014, if the buildings would not have been revalued, would be RUR 3,205,229 thousand (31 December 2013: RUR 2,089,735 thousand).

The table below presents the negative revaluation of RUR 191,516 thousand (31 December 2013: RUR 4,036 thousand) which was recognized cumulatively as an impairment charge in retained earnings of the Group and accordingly, as a charge in the appropriate year in profit or loss:

	2014 RUR'000	2013 Restated (Note 4) RUR'000
Analysis of movements in the impairment allowance		
Balance at the beginning of the year	4,036	79,799
Write off of allowance of disposed and transferred land and building	(2,095)	(16,767)
Recovery of allowance	-	(58,996)
Net charge for the year (Note 13)	189,575	-
Balance at the end of the year	191,516	4,036

PROBUSBANK GROUP**NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
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Details of the Group's buildings and information about the fair value hierarchy as at 31 December 2014 are as follows:

	Level 1	Level 2	Level 3	Fair value
Buildings in following region:				
- Samara region	-	915,835	-	915,835
- Moscow region	-	528,451	-	528,451
- Saratov region	-	519,286	-	519,286
- Ekaterinburg region	-	304,750	-	304,750
- Kaluga region	-	180,491	-	180,491
- Tyumen region	-	87,070	-	87,070
- St. Petersburg	-	75,400	-	75,400
- Rostov region	-	46,414	-	46,414
- Irkutsk region	-	36,000	-	36,000
- Magnitogorsk region	-	31,358	-	31,358
- Kurgan region	-	22,430	-	22,430
- Chelyabinsk region	-	21,717	-	21,717
- Other	-	330,371	-	330,371
Total	-	3,099,573	-	3,099,573

Details of the Group's buildings and information about the fair value hierarchy as at 31 December 2013 are as follows:

	Level 1	Level 2	Level 3	Fair value
Buildings in following region:				
- Moscow region	-	607,410	-	607,410
- Ekaterinburg region	-	302,120	-	302,120
- St. Petersburg	-	79,600	-	79,600
- Saratov region	-	605,381	-	605,381
- Kaluga region	-	216,740	-	216,740
- Rostov region	-	67,967	-	67,967
- Other	-	35,080	-	35,080
Total	-	1,914,298	-	1,914,298

There were no transfers between Levels 1 and 2 during the year.

22. DEVELOPMENT PROPERTY

	2014 RUR'000	2013 RUR'000
Developments under construction:		
Development and construction costs	1,179,541	2,430,311
Complete development properties	-	220,663
Write down of development property to net realizable value (Note 13)	(437,552)	-
	741,989	2,650,974

The Management consider all inventories to be current in nature. The operational cycle is such that the majority of Development Property will not be realised within 12 months. It is not possible to determine with accuracy when specific Development Property will be realised, as this will be subject to a number of issues such as consumer demand and planning permission delays.

As at 31 December 2014, the Management reconsidered its strategy in relation to further development of several construction projects due to changes in forecasts of market sale prices for the properties. As a result, the Group has recognized a write down in the amount of RUR 437,552 thousand.

PROBUSBANK GROUP**NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014****23. INVESTMENT PROPERTY**

	2014 RUR'000	2013 RUR'000
<i>Fair value</i>		
As at 1 January	1,224,473	2,648,867
Acquisitions of subsidiary (note 46)	907,562	-
Additions	-	-
Disposal	(313,027)	(1,302,783)
Transfers from property, equipment and intangible assets	-	7,857
Change in fair value	(187,269)	(129,468)
As at 31 December	1,631,739	1,224,473

Details of the Group's investment property and information about the fair value hierarchy as at 31 December 2014 are as follows:

	Level 1	Level 2	Level 3	Fair value as at December 31, 2014
Buildings in following region:				
- Sverdlovsk region	-	503,772	-	503,772
- Stavropol region	-	396,200	-	396,200
- Samara region	-	377,194	-	377,194
- Ekaterinburg region	-	120,856	-	120,856
- Ivanovo region	-	50,000	-	50,000
- St. Petersburg	-	45,000	-	45,000
- Sochi	-	39,170	-	39,170
- Kaluga region	-	24,149	-	24,149
- Moscow region	-	23,376	-	23,376
- Saratov region	-	19,215	-	19,215
- Other	-	32,807	-	32,807
Total	-	1,631,739	-	1,631,739

Details of the Group's investment property and information about the fair value hierarchy as at 31 December 2013 are as follows:

	Level 1	Level 2	Level 3	Fair value as at December 31, 2013
Buildings in following region:				
- Sverdlovsk region	-	597,037	-	597,037
- Ekaterinburg region	-	182,934	-	182,934
- Moscow region	-	145,592	-	145,592
- Ivanovo region	-	67,800	-	67,800
- Saratov region	-	62,682	-	62,682
- St. Petersburg	-	43,300	-	43,300
- Sochi	-	37,800	-	37,800
- Kaluga region	-	24,796	-	24,796
- Other	-	62,532	-	62,532
Total	-	1,224,473	-	1,224,473

There were no transfers between Levels 1 and 2 during the year.

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Management valued investment properties based on the results of independent appraisals. The approach used for the revaluation was consistent with revaluation of buildings in own use (refer to Note 21). The market value of land is determined by the price which an independent party would pay for an object similar by its quality and use. The market value of land was estimated based on information on sales of the comparable items that took place in the market.

Operating expenses arising from the investment property and rental income are insignificant.

24. OTHER ASSETS

	2014 RUR'000	2013 RUR'000
Prepayments	1,383,677	1,016,021
Other receivables	225,158	128,940
Taxes receivable, other than income tax	115,620	23,336
Property received under pledge agreements	70,192	6,570
Investment coins	344	493
Provision for impairment	(208,682)	(145,464)
Total other assets	1,586,309	1,029,896

As at 31 December 2014, included in other assets are overdue non financial receivables of RUR 208,682 thousand (31 December 2013: RUR 145,464 thousand).

As at 31 December 2014 and 2013, financial assets within other assets consist of other receivables totaling RUR 225,158 thousand and RUR 128,940 thousand respectively.

	2014 RUR'000	2013 RUR'000
Analysis of movements in the impairment allowance		
Balance at the beginning of the year	145,464	103,768
Accumulated allowance transferred from assets of discontinued operations classified as held for sale	2,951	-
Write off of allowance	(7,198)	(2,951)
Net charge for the year	67,465	44,647
Balance at the end of the year	208,682	145,464

25. DISCONTINUED OPERATIONS

In 2012 the Group's Management and the Board of Directors have approved a plan to separate its subsidiaries OJSC Bank24.ru, CJSC Bank Poidem! and LLC "Development Plus" into a parallel holding entity structure. The purpose of this transaction was to separate the more entrepreneurial businesses, with substantially different business and risk profiles, from the Group and allow Management to concentrate on the Group's core banking business operations.

On 30 July 2014, the Group sold its shares of OJSC Bank24.ru. In August 2014 the Group's Management decided to terminate the further separation and account for CJSC Bank Poidem! and LLC "Development Plus" as part of the Group's continuing operations. The decision to terminate was made due to the unstable situation in the market and downturn in the Russian economy.

	2014 RUR'000
Net cash inflow on disposal of subsidiary	
Consideration received in cash and cash equivalents	297,679
Total	297,679

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	30 July 2014 RUR'000
Assets and liabilities disposed of	
ASSETS	
Cash	1,050,315
Due from the Central Bank of the Russian Federation	1,296,927
Mandatory cash balances with the Central Bank of the Russian Federation	74,495
Placements with banks and other financial institutions	6,305,732
Financial assets at fair value through profit or loss	93
Loans to customers	673,824
Available-for-sale securities	3,282
Property, equipment and intangible assets	999,696
Other assets	216,772
Total assets	10,621,136
LIABILITIES	
Deposits and balances from banks and other financial institutions	8,589,468
Current accounts and deposits from customers	819
Debt securities issued	2,932
Subordinated debt	40,000
Other liabilities	227,281
Total liabilities	8,860,500
Net assets disposed of	1,760,636
 Result on disposal of subsidiary	 2014 RUR'000
Consideration received	297,679
Net assets disposed of	(1,760,636)
Result on disposal	(1,462,957)

The result on disposal is included in the statement of changes in equity.

The Group has represented its comparative consolidated statement of profit or loss and other comprehensive income for the period ended 31 December 2013. Represented comparative information is presented below:

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The assets and liabilities of the disposal group of subsidiaries are presented below:

	31 December 2013 RUR'000
ASSETS OF DISCONTINUED OPERATIONS CLASSIFIED AS HELD FOR SALE	
Cash	3,151,642
Due from the Central Bank of the Russian Federation	3,186,920
Mandatory cash balances with the Central Bank of the Russian Federation	202,391
Placements with banks and other financial institutions	2,045,021
Financial assets at fair value through profit or loss	412,956
Loans to customers	15,232,728
Available-for-sale securities	4,475
Property, equipment and intangible assets	1,813,858
Other assets	704,772
Total assets of discontinued operations classified as held for sale	26,754,763
LIABILITIES FROM DISCONTINUED OPERATIONS	
Deposits and balances from banks and other financial institutions	2,276,787
Current accounts and deposits from customers	17,564,300
Debt securities issued	2,932
Deferred tax liability	102,936
Other liabilities	833,873
Total liabilities from discontinued operations	20,780,828

Net profit of discontinued operations relating to the disposal group held for sale is presented as follows:

	2014 RUR'000	2013 Represented RUR'000
Interest income	208,288	259,487
Interest expense	(13,896)	(39,821)
Net interest income	194,392	219,666
Fee and commission income	893,461	1,604,358
Fee and commission expense	(123,964)	(300,649)
Net fee and commission income	769,497	1,303,709
Net loss on financial assets and liabilities at fair value through profit or loss	(9,094)	(7,460)
Net foreign exchange gain/(loss)	146,529	(32,062)
Net (loss)/gain on available-for-sale securities	(1,428)	275
Other operating income	1,262	14,843
Operating income before provision for impairment losses	1,101,158	1,498,971
Recovery of impairment losses	14,509	5,393
General administrative expenses	(915,415)	(1,401,741)
Profit before tax	200,252	102,623
Income tax expense	(105,495)	(19,738)
Profit for the period from discontinued operations	94,757	82,885

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Represented comparative information is presented below:

	2013 As previously reported RUR'000	Reclassification to continuing operations	2013 Represented RUR'000
Interest income	6,713,951	(6,454,464)	259,487
Interest expense	(1,046,498)	1,006,677	(39,821)
Net interest income	5,667,453	(5,447,787)	219,666
Fee and commission income	1,720,412	(116,054)	1,604,358
Fee and commission expense	(323,387)	22,738	(300,649)
Net fee and commission income	1,397,025	(93,316)	1,303,709
Net loss on financial assets and liabilities at fair value through profit or loss	(7,460)	-	(7,460)
Net foreign exchange loss	(19,666)	(12,396)	(32,062)
Net gain on available-for-sale securities	275	-	275
Other operating income	292,645	(277,802)	14,843
Operating income before provision for impairment losses	7,330,272	(5,831,301)	1,498,971
(Impairment losses)/recovery of losses	(1,700,138)	1,705,531	5,393
General administrative expenses	(4,131,636)	2,729,895	(1,401,741)
Profit before tax	1,498,498	(1,395,875)	102,623
Income tax expense	(447,352)	427,614	(19,738)
Profit for the period from discontinued operations	1,051,146	(968,261)	82,885

Cash flows from discontinued operations of the disposal group held for sale is presented as follows:

	2014 RUR'000	2013 RUR'000
Cash flows from discontinued operations		
Net cash inflow from operating activities	-	1,564,066
Net cash outflows from investing activities	-	36,713
Net cash outflows from financing activities	-	(31,409)

26. DEPOSITS AND BALANCES FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	2014 RUR'000	2013 RUR'000
Vostro accounts	142,601	1,060,526
Term deposits	8,107,851	7,058,533
	8,250,452	8,119,059

Concentration of deposits and balances from banks

As at 31 December 2014 and 2013, the Group has one and two counterparty, respectively whose balances exceeded 10% of Group's equity. The gross value of these balances as at 31 December 2014 and 2013 are RUR 3,290,000 thousand and RUR 3,307,786 thousand, respectively.

Deposits and balances from banks and other financial institutions maturities

The maturity of the deposits and balances from banks and other financial institutions is presented in Note 43.

PROBUSBANK GROUP**NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
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Details of transferred financial assets that are not derecognized in their entirety as at 31 December 2014 are disclosed below:

	2014 RUR'000	2013 RUR'000
Amounts payable to the Central Bank of the Russian Federation	4,825,899	1,208,688
Amounts payable to banks and other financial institutions	1,858,547	674,377
	<u>6,684,446</u>	<u>1,883,065</u>

The fair value of assets pledged and carrying value of amounts payable under repurchase agreements as at 31 December 2014 and 2013 comprise:

	31 December 2014		31 December 2013	
	Fair value of collateral	Carrying value of amounts payable under repurchase agreements	Fair value of collateral	Carrying value of amounts payable under repurchase agreements
Russian Government Federal bonds	4,751,867	4,220,529	2,670,231	1,883,065
Corporate bonds	2,390,009	2,196,149	-	-
Municipal bonds	275,574	267,768	-	-
Total	<u>7,417,450</u>	<u>6,684,446</u>	<u>2,670,231</u>	<u>1,883,065</u>

As at 31 December 2014 and 2013, the net position on repurchase agreements are RUR 733,004 thousand and RUR 787,166 thousand respectively.

The repurchase agreements mature within 1 month of the year end (2013: 1 month) (Note 17 and 20).

28. CURRENT ACCOUNTS AND DEPOSITS FROM CUSTOMERS

	2014 RUR'000	2013 RUR'000
Current accounts and demand deposits		
- Individuals	4,203,436	4,541,257
- Corporate clients	19,354,043	22,273,263
Term deposits		
- Individuals	101,510,013	68,643,443
- Corporate clients	13,473,522	15,124,261
	<u>138,541,014</u>	<u>110,582,224</u>

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As at 31 December 2014 and 2013, no single customer of the Group has accounted for more than 10% of the Group's equity.

	2014 RUR'000	2013 RUR'000
Analysis by sector:		
Individuals	105,713,449	73,184,700
Trade	11,818,576	13,843,094
Construction	6,851,482	8,365,664
Facility	6,414,960	6,196,541
Finances, loans, pensions	1,498,990	2,894,869
Mining and metallurgy	1,317,189	1,647,059
Transport and communication	709,671	505,365
State authorities	283,820	107,822
Real estate	279,793	344,331
Energy and fuel sector	224,243	46,957
Public associations	214,688	170,646
Agriculture	190,619	257,980
Mass media	89,712	87,816
Manufacturing	94,056	73,937
Other	2,839,766	2,855,443
Total customer accounts and deposits	138,541,014	110,582,224

29. DEBT SECURITIES ISSUED

	2014 RUR'000	2013 RUR'000
Subordinated loan participation notes	3,509,263	2,026,397
Discount bearing promissory notes	2,103,770	2,898,468
Interest-bearing promissory notes	113,853	50,861
Corporate RUR bonds issued	8,594	505,795
Zero-interest/non-discount bearing promissory notes	6,632	25,468
Total debt securities issued	5,742,112	5,506,989

Discount bearing promissory notes represent debt securities issued to legal entities with effective interest rates ranging from 2.02% to 27.90% (31 December 2013: from 2.02% to 14.56%) and maturity from 2015 to 2017 (31 December 2013: from 2014 to 2018).

As at 31 December 2014 and 2013, the Group had the following loan participation notes outstanding:

Principal amount as at 31 December 2014 '000	Principal amount as at 31 December 2013 '000	Interest rate %	Issue date	Maturity date	2014 RUR'000	2013 RUR'000
			2010 – 50,000 USD			
61,500 USD	61,500 USD	11.75	2011 – 11,500 USD	2016	3,509,263	2,026,397
Total loan participation notes					3,509,263	2,026,397

Covenants

The Group is obliged to comply with financial covenants in relation to loan participation notes due in 2016. In accordance with the terms of covenants the Group should comply with the minimum capital adequacy ratio established by the CBRF. The Group has not breached this covenant as at 31 December 2014 and 2013.

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30. OTHER BORROWED FUNDS

As at 31 December 2014 and 2013 other borrowed funds comprise:

	Original currency	Maturity date	2014		2013	
			Interest rate %	RUR'000	Interest rate %	RUR'000
Loans granted by State corporation "Deposit Insurance Agency"	RUR	2023	9.29	3,351,338	-	-
Loans granted by Unicredit Bank AG (HEPOVEREINSBANK)	EUR	2015-16	1.23-6.09	1,186,466	1.23-6.09	1,147,820
Loans granted by Unicredit Bank AG (HEPOVEREINSBANK)	CHF	2014	-	-	5.25	63,932
Loans granted by Landesbank Berlin AG	EUR	2014	-	-	2.38	30,791
Loans granted by VTB BANK (FRANCE) S.A.	EUR	2014	-	-	4.16-4.79	289,780
Loans granted by VTB BANK Germany	EUR	2014	-	-	4.03	226,787
Loans granted by Bankgesellschaft Berlin AG	EUR	2014	-	-	5.10	26,352
				4,537,804		1,785,462

Covenants

The Group is obliged to comply with financial covenants in relation to other borrowed funds from State corporation "Deposit Insurance Agency". In accordance with the terms of the covenants the Group should comply with the minimum capital adequacy ratio established by the CBRF. The Group has not breached this covenant as at 31 December 2014 and 2013.

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Subordinated debt as at 31 December 2014 and 2013 comprise:

	Original currency	Maturity date	2014		2013	
			Interest rate %	RUR'000	Interest rate %	RUR'000
AMBIKA Investments Limited	USD	2014-2020	6.40-13.50	5,457,068	6.40-13.50	1,865,565
LLC "Collection agency "Life "	RUR	2014-2042	9.08	371,000	9.08	374,241
OJSC Bank 24.ru	RUR	2042	8.25	240,000	-	-
LLC "Amigo"	RUR	2017	9.08	100,396	9.08	100,398
LLC "NBS – Finansovye uslugi"	RUR	2020	6.00	20,201	6.00	21,200
Total subordinated debt				6,188,665		2,361,404

In case of bankruptcy or liquidation of the Group, the repayment of the subordinated debt shall be made after repayment in full of liabilities to all other creditors of the Group.

In September 2014 the CBRF withdrew the banking license of OJSC Bank 24.ru. During 2015, the Bank will repurchase this debt upon receipt of permission from the CBRF.

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	2014 RUR'000	2013 RUR'000
Provisions for guarantees and other commitments	622,336	128,539
Payables to employees	565,491	920,453
Taxes payable, other than income tax	193,392	182,605
Deferred fees for customer accounts maintenance	148,724	246,740
Deferred fees for credit operations	98,158	123,382
Liabilities on payments to the deposit insurance fund system	94,436	77,529
Legal claims	37,610	-
Leasing obligations	-	464
Other	396,758	175,116
Total other liabilities	2,156,905	1,854,828

As at 31 December 2014 and 2013, financial liabilities within other liabilities consist of payables to employees and provisions for guarantees and other commitments amount to RUR 1,584,586 thousand and RUR 1,224,108 thousand respectively.

33. SHARE CAPITAL AND SHARE PREMIUM**Issued share capital and share premium**

On 3 June 2014, the Bank repurchased from shareholders 113,618 ordinary shares, in accordance with the plan to separate its subsidiary OJSC Bank24.ru, into a parallel holding entity structure. The authorised, issued and outstanding share capital comprises 3,324,711 ordinary shares and repurchased shares in the amount 113,618 ordinary shares booked on treasure account of issuer (2014: 3,438,329 ordinary shares). All shares have a nominal value of RUR 1,000.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at the annual and general meetings of the Group.

The share capital that has been issued prior to 1 January 2003 was inflated in accordance with IAS 29 "Financial Reporting in Hyperinflationary Economies".

Treasury shares

The Group buys and sells its own shares in the normal course of its equity trading activities. This is in compliance with all the aspects of the Federal Law on Joint Stock companies. These shares are treated as a deduction from shareholder's equity. Gains and losses on sales or redemption of own shares are credited or charged to reserves.

Dividends

Dividends payable are restricted to the maximum retained earnings of the Group, which are determined according to legislation of the Russian Federation. In accordance with the legislation of the Russian Federation, as at the reporting date, RUR 4,892,863 thousand reserves were available for distribution to common shareholders (2013: RUR 4,519,959 thousand). Reserves which were available for distribution for the purpose of IFRS are recognized within retained earnings in the statement of financial position.

Express Voiga Bank, a subsidiary of the Group, annually declares dividends on non-voting preferred shares held by non-controlling shareholders. The amount paid for 2014 was RUR 381 thousand (2013: RUR 3,462 thousand).

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The Group's distributable reserves among shareholders are limited to the amount of its reserves as disclosed in its statutory accounts. Non-distributable reserves are represented by a reserve fund, which is created as required by the statutory regulations, in respect of general risks, including future losses and other unforeseen risks or contingencies. The reserve has been created in accordance with the Charter of the Group members that provide for the creation of a reserve for these purposes of not less than 5% of share capital reported in statutory books of each Group member.

34. RISK MANAGEMENT

Management of risk is fundamental to the business of banking and is an essential element of the Group's operations. The major risks faced by the Group are those related to market risk, credit risk, liquidity risk and operational risk. Market risk includes price, interest rate and currency risks.

Risk management policies and procedures

The Group's risk management policies aim to identify, analyse and manage the risks faced by the Group, to set appropriate risk limits and controls, and to continuously monitor risk levels and adherence to limits. Risk management policies and procedures are reviewed regularly to reflect changes in market conditions, products and services offered and emerging best practice.

The Strategic Committee of the Group has overall responsibility for the oversight of the risk management framework, overseeing the management of key risks and reviewing its risk management policies and procedures as well as approving significantly large exposures.

The Risk Department of the Group is responsible for monitoring and implementation of risk mitigation measures and making sure that the Group operates within the established risk parameters. The Head of Risk Department of the Group is responsible for the overall risk management and compliance functions, ensuring the implementation of common principles and methods for identifying, measuring, managing and reporting both financial and non-financial risks. He reports directly to the President of the Group.

Both external and internal risk factors are identified and managed throughout the Group's organisational structure. Particular attention is given to developing risk maps that are used to identify the full range of risk factors and serve as a basis for determining the level of assurance over the current risk mitigation procedures. Apart from the standard credit and market risk analysis, the Risk Department monitors financial and non-financial risks by holding regular meetings with operational units in order to obtain expert judgments in their areas of expertise.

Market risk

Market risk is the risk that movements in market prices, including foreign exchange rates, interest rates, credit spreads and equity prices will affect the Group's income or the value of its portfolios. Market risks comprise currency risk, interest rate risk and other price risk. Market risk arises from open positions in interest rate, currency and equity financial instruments, which are exposed to general and specific market movements and changes in the level of volatility of market prices.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, whilst optimizing the return on risk.

The Group manages its market risk by setting open position limits in relation to financial instruments, interest rate maturity and currency positions and stop-loss limits which are set by the Strategic Committee of the Group. The Treasury Department and the Financial Markets Department manage market risks within these limits and the Risk Department monitors that the limits are complied.

The management of interest rates risk, a component of market risk, by monitoring interest rate gap is supplemented by monitoring the sensitivity of the Group's net interest margin to various standard and non-standard interest rate scenarios.

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Interest rate risk is the risk that movements in interest rates will affect the Group's income or the value of its portfolios of financial instruments.

The Group is exposed to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Interest margins may increase as a result of such changes but may also reduce or create losses in the event that unexpected movements arise.

Interest rate risk arises when the actual or forecasted assets of a given maturity period are either greater or less than the actual or forecasted liabilities in that maturity period.

An analysis of sensitivity of the Group's net profit for the period and equity to changes in interest rate repricing risk based on a simplified scenario of a 200 basis point (bp) symmetrical fall or rise in all yield curves and positions of interest-bearing assets and liabilities existing as at 31 December 2014 and 2013 is as follows:

	2014		2013	
	Net profit RUR'000	Equity RUR'000	Net profit RUR'000	Equity RUR'000
500 bp parallel fall	(1,639,738)	(1,639,738)	(431,164)	(431,164)
500 bp parallel rise	1,639,738	1,639,738	431,164	431,164

An analysis of sensitivity of the net profit for the period and equity as a result of changes in fair value of financial instruments at fair value through profit or loss and available-for-sale securities due to changes in the interest rates based on positions existing as at 31 December 2014 and 2013 and a simplified scenario of a 200 basis point (bp) symmetrical fall or rise in all yield curves is as follows:

	2014		2013	
	Net profit RUR'000	Equity RUR'000	Net profit RUR'000	Equity RUR'000
200 bp parallel fall	3,257,892	3,257,892	3,001,942	3,001,942
200 bp parallel rise	(3,257,892)	(3,257,892)	(3,244,970)	(3,244,970)

Currency risk

The Group has assets and liabilities denominated in several foreign currencies. Foreign currency risk arises when the actual or forecasted assets in a foreign currency are either greater or less than the liabilities in that currency. For further information on the Group's exposure to currency risk at year end refer to Note 44.

An analysis of sensitivity of the Group's net income for the year and equity to changes in the foreign currency exchange rates based on positions existing as at 31 December 2014 and 2013 and a simplified scenario of a 20% change in USD and Euro to Russian ruble exchange rates is as follows:

	2014		2013	
	Net profit RUR'000	Equity RUR'000	Net profit RUR'000	Equity RUR'000
20% appreciation of USD against RUR	(238,079)	(238,079)	(125,816)	(125,816)
20% depreciation of USD against RUR	238,079	238,079	125,816	125,816
20% appreciation of EUR against RUR	(103,638)	(103,638)	(49,699)	(49,699)
20% depreciation of EUR against RUR	103,638	103,638	49,699	49,699

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Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or factors affecting all instruments traded in the market. Price risk arises when the Group takes a long or short position in a financial instrument.

An analysis of sensitivity of the Group's net income for the year and equity to changes in equity securities prices based on positions existing as at 31 December 2014 and 2013 and a simplified scenario of a 10% change in all securities prices is as follows:

	2014		2013	
	Net profit RUR'000	Equity RUR'000	Net profit RUR'000	Equity RUR'000
20% increase in securities prices	748	748	2,194,392	2,194,392
20% decrease in securities prices	(748)	(748)	(2,194,392)	(2,194,392)

Credit risk

Credit risk is the risk of financial loss occurring as a result of default by a borrower or counterparty on their obligation to the Group. The Group has developed policies and procedures for the management of credit exposures (both for on balance sheet and off balance sheet exposures), including guidelines to limit portfolio concentration and the establishment of the Risk Management Division, which actively monitors the Group's credit risk. The Group's credit policy is reviewed and approved by the Strategic Committee.

The Group's credit policy establishes:

- Procedures for review and approval of loan/credit applications;
- Methodology for the credit assessment of borrowers (corporate, SME and retail);
- Methodology for the credit assessment of counterparties, issuers and insurance companies;
- Methodology for the evaluation of collateral;
- Credit documentation requirements;
- Procedures for the ongoing monitoring of loans and other credit exposures.

Corporate loan/credit applications are originated by the relevant client managers and are then passed on to the Loan Department, which is responsible for the Group's corporate loan portfolio. Reports produced by the department's credit analysts are based on a structured analysis focusing on the customer's business and financial performance. The loan/credit application and the report are then independently reviewed by the Risk Department's Credit Risk Management Division and a second opinion is given accompanied by a check that credit policy requirements have been met. The Risk Management Division reviews the loan/credit application on the basis of submissions by the Loan Department. Individual transactions are also reviewed by the Group's Legal, Accounting and Tax departments depending on the specific risks and pending final approval of the Risk Management Division.

The Group continuously monitors the performance of individual credit exposures and regularly reassesses the creditworthiness of its customers. The review is based on the customer's most recent financial statements and other information submitted by the borrower, or otherwise obtained by the Group. The current market value of collateral is regularly assessed by either independent appraisal companies or the Group's specialists, and in the event of negative movements in market prices the borrower is usually requested to pledge additional security.

Retail loan/credit applications are reviewed by experienced loan officers who complete personal interviews with the applicants. Scoring systems support but do not define credit decisions. Key element of risk management is the loan officer's judgment on the ability and willingness of the customers to repay the loans.

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Apart from individual customer analysis, the whole credit portfolio is assessed by the Risk Department with regard to credit concentration and market risks.

The Group's maximum exposure to on balance sheet credit risk is generally reflected in the carrying amounts of financial assets on the balance sheet. The impact of possible netting of assets and liabilities to reduce potential credit exposure is not significant.

The Group monitors concentrations of credit risk by industry/sector and by geographic location. For the analysis of concentration of credit risk in respect of loans and advances to customers refer to Note 19 "Loans to customers".

Maximum Exposure

The Groups maximum exposure to credit risk varies significantly and is dependent on both individual risks and general market economy risks.

The following table presents the maximum exposure to credit risk of financial assets and contingent liabilities. For financial assets the maximum exposure equals to a carrying value of those assets prior to any offset or collateral. For financial guarantees and other contingent liabilities the maximum exposure to credit risk is the maximum amount the Group would have to pay if the guarantee was called on or in the case of commitments, if the loan amount was called on. In the table below equity securities were excluded as they are considered not to bear credit risk.

	31 December 2014				
	Maximum exposure	Offset	Net exposure after offset	Collateral pledged	Net exposure
Due from the Central Bank of the Russian Federation	9,411,623	-	9,411,623	-	9,411,623
Mandatory cash balances with the Central Bank of the Russian Federation	2,397,711	-	2,397,711	-	2,397,711
Placements with banks and other financial institutions	23,119,049	-	23,119,049	-	23,119,049
Financial assets at fair value through profit or loss	42,743,368	-	42,743,368	-	42,743,368
Amount receivable under reverse repurchase agreements	1,000,614	-	1,000,614	-	1,000,614
Loans to customers	76,340,666	324,431	76,016,235	26,606,043	49,410,192
Held-to-maturity investments	6,978,401	-	6,978,401	-	6,978,401
Other financial assets	225,158	-	225,158	-	225,158
Guarantees issued and similar commitments	10,628,880	553,821	10,075,059	-	10,075,059
Letters of credit and other contingencies	421,352	29,414	391,938	-	391,938
Unused loan commitments	7,278,644	-	7,278,644	-	7,278,644

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	AAA	AA	A	BBB	<BBB	Not rated	31 December 2013 Total
Due from the Central Bank of the Russian Federation	-	-	-	5,082,347	-	-	5,082,347
Mandatory cash balances with the Central Bank of the Russian Federation	-	-	-	1,268,350	-	-	1,268,350
Placements with banks and other financial institutions	-	2,002,685	1,800,725	3,409,401	73,120	12,319,114	19,605,045
Financial assets at fair value through profit or loss	1,707,001	1,308,953	-	35,815,675	1,267	456,825	39,289,721
Amount receivable under reverse repurchase agreements	-	-	-	6,440	-	-	6,440
Loans to customers	-	-	-	-	-	59,539,207	59,539,207
Held-to-maturity investments	-	-	-	1,498,474	-	-	1,498,474
Other financial assets	-	-	-	-	-	128,940	128,940

(*)The above unimpaired financial assets are classified based on the information provided by the international credit rating agencies – “Moody’s”, “Fitch”, “Standard & Poor’s”.

The following table provides an analysis Placements with banks and other financial institutions that are not rated. The Group classified such placements in two categories according to internal ratings assigned to financial institutions:

- The “S – Standard” category with low credit risk includes placements with no past due status that are granted to financial institutions that have perfect credit history with the Group and other creditors; that proved to be profitable and well performing businesses with no signs of decline of their financial sustainability;
- The “O- overdue” category includes Placements with banks and other financial institutions that are overdue and with bad financial performance.

	2014 RUR'000	2013 RUR'000
Not rated placements with banks and other financial institutions		
Standard	15,046,977	12,319,114
	15,046,977	12,319,114

The following table provides an analysis of loans to large customers that are classified in three categories according to internal ratings assigned to borrowers:

- The “N – Normal” category with low credit risk includes loans with no past due status that are granted to borrowers that have perfect credit history with the Group and other creditors; that proved to be profitable and well performing businesses with no signs of decline of their financial sustainability;
- The “W – watch list” category with temperate credit risk includes loans with no past due status that are granted to borrowers with good credit history with the Group and other creditors with minor exceptions in the past; that proved to be well performing businesses in the past but average financial performance at the moment;
- The “P – poor” category includes loans that are not overdue but with bad financial performance at the moment and loans that are overdue.

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	N (Normal)	W (Watch list)	P (Poor)	Total 31 December 2014
Loan to large corporates and financing receivables	25,567,614	1,756,501	4,815,696	32,140,011
Provision for impairment	(149,276)	(10,836)	(4,247,215)	(4,407,327)
Total loans to corporates	25,418,338	1,745,665	568,681	27,732,684

	N (Normal)	W (Watch list)	P (Poor)	Total 31 December 2013
Loan to large corporates and financing receivables	10,994,093	1,609,249	1,799,999	14,403,341
Provision for impairment	(110,944)	(18,828)	(1,192,156)	(1,321,928)
Total loans to corporates	10,883,149	1,590,421	607,843	13,081,413

The following table provides an analysis of loans to small and medium borrowers that are classified in six categories according to internal ratings assigned to borrowers:

- "Not past due" category with low credit risk includes loans with no past due status that are granted to small and medium borrowers that have perfect credit history with the Group.
- Overdue 1-5 days, Overdue 5-35 days, Overdue 35-65 days, and Overdue more than 65 days categories includes loans that are overdue during appropriate days.
- Recovered category with high credit risk which was overdue more than 65 days, however borrowers started repayment of overdue debts and made two last regular payments without delay.

Credit quality of the loans to small and medium borrowers

	Gross loans	Provision for impairment	Net loans 31 December 2014
Not past due	41,553,603	(226,604)	41,326,999
Overdue 1-5 days	671,365	(88,414)	582,951
Overdue 5-35 days	1,908,751	(284,774)	1,623,977
Overdue 35-65 days	955,735	(330,041)	625,694
Recovered	2,607,787	(1,004,993)	1,602,794
Overdue more than 65 days	10,761,765	(7,916,198)	2,845,567
Total retail loans	58,459,006	(9,851,024)	48,607,982

	Gross loans	Provision for impairment	Net loans 31 December 2013
Not past due	41,775,363	(452,976)	41,322,387
Overdue 1-5 days	893,067	(108,170)	784,897
Overdue 5-35 days	1,924,340	(311,081)	1,613,259
Overdue 35-65 days	1,156,376	(418,942)	737,434
Recovered	2,823,454	(1,281,012)	1,542,442
Overdue more than 65 days	4,688,519	(4,231,144)	457,375
Total retail loans	53,261,119	(6,803,325)	46,457,794

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Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet its commitments. Liquidity risk exists when the maturities of assets and liabilities do not match. The matching and/or controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of financial institutions, including the Group. It is unusual for financial institutions ever to be completely matched since business transacted is often of an uncertain term and of different types. An unmatched position potentially enhances profitability, but can also increase the risk of losses.

The Group maintains liquidity management with the objective of ensuring that funds will be available at all times to honor all cash flow obligations as they become due. The Group's liquidity policy is reviewed and approved by the Strategic Committee.

The Group seeks to actively support a diversified and stable funding base comprising debt securities in issue, long-term and short-term loans from other banks, core corporate and retail customer deposits, accompanied by diversified portfolios of highly liquid assets, in order to be able to respond quickly and smoothly to unforeseen liquidity requirements.

The liquidity management policy of the Group requires:

- Projecting cash flows by major currencies and considering the level of liquid assets necessary in relation thereto;
- Maintaining a diverse range of funding sources;
- Managing the concentration and profile of debts;
- Maintaining debt financing plans;
- Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any interruption to cash flow;
- Maintaining liquidity and funding contingency plans;
- Monitoring liquidity ratios against regulatory requirements.

The Treasury Department receives information from business units regarding the liquidity profile of their financial assets and liabilities and details of other projected cash flows arising from projected future business. The Treasury Department then provides for an adequate portfolio of short-term liquid assets to be maintained, largely made up of short-term liquid trading securities, loans to banks and other inter-bank facilities, to ensure that sufficient liquidity is maintained within the Group as a whole.

The daily liquidity position is monitored and regular liquidity stress testing under a variety of scenarios covering both normal and more severe market conditions is performed by the Treasury Department. Under normal market conditions, liquidity reports covering the liquidity position of the Group are presented to senior management on a weekly basis. Decisions on the Group's liquidity management are made by the Treasury Department within standards and rules set by the Strategic Committee of the Group.

The Group also calculates mandatory liquidity ratios on a daily basis in accordance with the requirement of the CBRF. The Group was in compliance with these ratios as at 31 December 2014 and 2013.

The following tables show the undiscounted cash flows on the Group's financial liabilities and unrecognized loan commitments on the basis of their earliest possible contractual maturity. The total gross amount (inflow)/outflow disclosed in the table is the contractual, undiscounted cash flow on the financial liability or commitment. The Group's expected cash flows on these financial liabilities and unrecognized loan commitments may vary significantly from this analysis.

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The gross undiscounted cash flows of the Group as at 31 December 2014 were as follows:

RUR'000	Demand and less than 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	1 year to 3 years	Over 3 years	Total gross amount outflow	Carrying amount
Liabilities								
Financial liabilities at fair value through profit or loss	183,550	45,877	-	-	-	-	229,427	229,427
Deposits and balances from banks and other financial institutions	618,994	1,937,969	164,436	1,682,261	4,581,313	71,189	9,056,162	8,250,452
Amounts payable under repurchase agreements	6,684,446	-	-	-	-	-	6,684,446	6,684,446
Current accounts and deposits from customers	32,664,076	14,018,984	15,673,903	31,731,078	59,783,035	34,883	153,905,969	138,541,014
Debt securities issued	1,251	75,228	118,094	498,416	2,443,471	2,923,386	6,059,846	5,742,112
Other borrowed funds	314,307	1,133,410	529,214	317,441	3,595,706	20,064	5,910,142	4,537,804
Subordinated debt	36,635	73,270	109,905	219,809	879,237	9,063,096	10,381,952	6,188,665
Other liabilities	115,087	298,506	-	922,562	4,511	-	1,340,646	1,340,646
Total	40,618,326	17,583,254	16,595,552	35,371,567	71,287,273	12,112,618	193,568,590	171,514,556
Credit related commitments	4,204,408	2,405,865	188,017	293,336	112,053	74,965	7,278,644	7,278,644

The gross undiscounted cash flows of the Group as at 31 December 2013 were as follows:

RUR'000	Demand and less than 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	1 year to 3 years	Over 3 years	Total gross amount outflow	Carrying amount
Liabilities								
Financial liabilities at fair value through profit or loss	1,374,568	-	-	-	-	-	1,374,568	1,374,568
Deposits and balances from banks and other financial institutions	3,576,117	2,291,032	739,594	1,554,595	120,361	56,767	8,338,466	8,119,059
Amounts payable under repurchase agreements	1,883,065	-	-	-	-	-	1,883,065	1,883,065
Current accounts and deposits from customers	32,565,253	8,526,404	12,897,270	24,667,365	39,191,563	10,582	117,858,437	110,582,224
Debt securities issued	955,251	417,387	899,949	1,369,663	2,714,637	138	6,357,025	5,506,989
Other borrowed funds	1,235	194,420	360,563	104,876	1,220,526	-	1,881,620	1,785,462
Subordinated debt	14,467	28,934	43,401	196,948	316,193	3,024,617	3,624,560	2,361,404
Other liabilities	158,454	271,387	-	1,108,633	5,200	-	1,543,684	1,543,684
Total	40,528,420	11,729,564	14,940,777	29,002,080	43,568,480	3,092,104	142,861,425	133,156,455
Credit related commitments	1,555,546	1,061,115	190,369	225,273	156,323	306,487	3,494,113	3,494,113

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The previous tables show the undiscounted cash flows on the Group's non-derivative financial liabilities, including issued credit related commitments on the basis of their earliest possible contractual maturity. For issued financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called. The Group's expected cash flows on these instruments vary significantly from this analysis. For example, demand deposits from customers are expected to maintain a stable or increasing balance and unrecognized loan commitments are not all expected to be drawn down immediately.

Operational Risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Group cannot expect to eliminate all operational risks, but it endeavours to manage these risks through a control framework and by monitoring and responding to potential risks. Controls include effective segregation of duties, access, authorization and reconciliation procedures, staff education and assessment processes.

35. CAPITAL MANAGEMENT

The CBRF sets and monitors capital requirements for the Bank.

The Bank defines as capital those items defined by statutory regulation as capital for credit institutions. Under the current capital requirements set by the CBRF, banks have to maintain a ratio of capital to risk weighted assets (statutory capital ratio) above the prescribed minimum level. As at 31 December 2014 and 2013, this minimum level is 10%. The Bank is in compliance with the statutory capital ratio as at 31 December 2014 and 31 December 2013.

The Group also monitors its capital adequacy levels calculated in accordance with the requirements of the Basel Accord, as defined in the International Convergence of Capital Measurement and Capital Standards (updated April 1998) and Amendment to the Capital Accord to incorporate market risks (updated November 2007), commonly known as Basel II.

The following table shows the composition of the capital position calculated in accordance with the requirements of the Basel Accord, as at 31 December 2014 and 2013:

	2014 RUR'000	2013 RUR'000
Tier 1 capital		
Share capital	4,417,399	4,417,399
Treasury shares	(113,618)	-
Share premium	1,237,031	1,237,031
Retained earnings	6,351,868	10,253,091
Non-controlling interest	2,748,944	73,724
Goodwill	(252,676)	(252,676)
Total tier 1 capital	14,388,948	15,728,569
Tier 2 capital		
Revaluation reserve for property and equipment	604,709	855,001
Revaluation reserve of available-for-sale securities	-	(617)
Additional paid-in capital	-	521,580
Subordinated debt and subordinated loan participation notes	7,055,494	3,043,417
Total tier 2 capital	7,660,203	4,419,381
Total capital	22,049,151	20,147,950
Risk-weighted assets	176,328,895	164,888,439
Total capital expressed as a percentage of risk-weighted assets (total capital ratio)	12.50%	12.22%
Total tier 1 capital expressed as a percentage of risk-weighted assets (tier 1 capital ratio)	8.16%	9.54%

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The risk-weighted assets are measured by means of a hierarchy of risk weights classified according to the nature of – and reflecting an estimate of credit, market and other risks associated with – each asset and counterparty, taking into account any eligible collateral or guarantees. A similar treatment is adopted for off-balance sheet exposure, with some adjustments to reflect the more contingent nature of the potential losses.

The Basel Accord recommends that the minimum capital adequacy of 8% for total capital and 4% for Tier 1 for risk-weighted assets be exceeded. As at 31 December 2014 and 2013, the Group complied with Basel capital requirements.

36. COMMITMENTS

The Group has outstanding commitments to extend loans. These commitments take the form of approved loans and credit card limits and overdraft facilities.

The Group provides financial guarantees and letters of credit to guarantee the performance of customers to third parties. These agreements have fixed limits and generally extend for a period of up to five years. The Group also provides guarantees by acting as settlement agent in securities borrowing and lending transactions.

The contractual amounts of commitments are set out in the following table by category. The amounts reflected in the table for commitments assume that amounts are fully advanced. The amounts reflected in the table for guarantees and letters of credit represent the maximum accounting loss that would be recognized at the reporting date if counterparties failed completely to perform as contracted.

As at 31 December 2014 and 2013, the nominal or contract amounts and risk-weighted amounts were:

	31 December 2014		31 December 2013	
	Nominal amount	Risk-weighted amount	Nominal Amount	Risk-weighted amount
Contingent liabilities and credit commitments				
Guarantees issued and similar commitments	10,628,880	10,075,059	12,924,271	12,651,696
Letters of credit and other contingencies	421,352	391,936	1,217,910	937,518
Unused loan commitments	7,278,644	7,278,644	3,494,113	3,494,113
Total contingent liabilities and credit commitments	18,328,876	17,745,641	17,636,294	17,083,327

The total outstanding contractual commitments above do not necessarily represent future cash requirements, as these commitments may expire or terminate without being funded.

As at 31 December 2014 and 2013, the Group had no capital commitments and operating lease commitments.

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37. CONTINGENCIES**Legal proceedings**

From time to time and in the normal course of business, claims against the Group are received from customers and counterparties. Management is of the opinion that no material unaccrued losses will be incurred and accordingly no provision has been made in these consolidated financial statements.

Taxation

The Russian laws and regulations affecting business continue to change rapidly. Management's interpretation of such legislation as applied to the activity of the Group may be challenged by the relevant regional and federal authorities. Recent events suggest that the tax authorities are taking a more assertive position in their interpretation of the legislation and as a result, transactions and activities that have not been challenged in the past may be challenged in future tax audits. Fiscal periods remain open to tax audit by the authorities in respect of taxes for the three calendar years preceding the year of tax audit. Under certain circumstances reviews may cover longer periods. Management believes that it has accrued for all taxes that are applicable based on its interpretations of the tax legislation. Where uncertainty exists, the Group has accrued tax liabilities as management's best estimate of the probable outflow of resources which will be required to settle such liabilities. However, the tax authorities may have differing interpretations, and the effects could be significant.

Russian transfer pricing legislation was amended starting from January 1, 2012 to introduce additional reporting and documentation requirements. The new legislation allows the tax authorities to impose additional tax liabilities in respect of certain transactions, including but not limited to transactions with related parties, if they consider transaction to be priced not at arm's length. As the practice of implementation of the new transfer pricing rules has not yet developed and wording of some clauses of the rules is unclear, the impact of challenge of the Group's transfer pricing positions by the tax authorities cannot be reliably estimated.

Operating environment

Emerging markets such as Russia are subject to different risks than more developed markets, including economic, political and social, and legal and legislative risks. Laws and regulations affecting businesses in Russia continue to change rapidly, tax and regulatory frameworks are subject to varying interpretations. The future economic direction of Russia is heavily influenced by the fiscal and monetary policies adopted by the government, together with developments in the legal, regulatory, and political environment.

Because Russia produces and exports large volumes of oil and gas, which decreased significantly during 2014. Management is unable to reliably estimate the effects of any further price fluctuations on the Groups's financial position.

Starting from March 2014, sanctions have been imposed in several packages by the U.S. and the E.U. on certain Russian officials, businessmen and companies. International credit agencies downgraded Russia's long-term foreign currency sovereign rating with a negative outlook. In December 2014, the Central Bank of the Russian Federation significantly increased its key interest rate, which resulted in growth of interest rates on domestic borrowings. The exchange rate of the Russian Rouble depreciated significantly. These developments may result in reduced access of the Russian businesses to international capital and export markets, capital flight, further weakening of the Ruble and other negative economic consequences.

The impact of further political and economic developments in Russia on future operations and financial position of the Group is at this stage difficult to determine.

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The Group provides custody services to its customers, whereby it holds securities on behalf of customers and receives fee income for providing these services. These securities are not assets of the Group and are not recognized in the consolidated statement of financial position. As at 31 December 2014 and 2013, the Group has customer securities amounting to 2,794,035,331 items and 3,713,610,219 items respectively in its nominal holder accounts.

39. RELATED PARTY TRANSACTIONS**Control relationships**

The ultimate shareholders of the Group are disclosed in Note 1.

Transactions with key management personnel

Total remuneration included in personnel expenses (refer to Note 14):

	2014 RUR'000	2013 RUR'000
Total remuneration (short-term employee benefits)	414,886	555,689

The outstanding balances and average interest rates as of 31 December for transactions with key management personnel are as follows:

	2014 RUR'000	Average interest rate, %	2013 RUR'000	Average interest rate, %
Consolidated statement of financial position				
ASSETS				
Loans to customers	222,099	11.60%	88,618	13.59%
Provision for impairment	(6,043)	-	(7,181)	-
Off balance sheet guarantees	2,532	-	1,473	-
LIABILITIES				
Current accounts and deposits from customers	195,243	8.89%	240,962	4.47%

Amounts included in the statement of profit or loss and other comprehensive income in relation to transactions with key management personnel for the year ended 31 December 2014 and 2013 are as follows:

	2014 RUR'000	2013 RUR'000
The statement of profit or loss and other comprehensive income		
Interest income	14,168	13,036
Interest expense	(10,922)	(21,179)
Fee and commission income	65	69
Impairment losses	-	(5,778)

In 2012 the Group's Management and the Board of Directors have approved a plan to separate its subsidiaries OJSC Bank24.ru. The purpose of this transaction was to separate the more entrepreneurial businesses, with substantially different business and risk profiles, from the Group and allow Management to concentrate on the Group's core banking business operations.

On 3 June 2014, the Bank repurchased from shareholders 113,618 ordinary shares. Shareholders on 30 June 2014 purchased from the Group shares of OJSC Bank24.ru for the cash proceeds from disposal of own shares. The cash movement of this deal was RUR 297,679 thousand.

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Other related parties include associates, companies under common control and entities with significant influence over the Group. The outstanding balances and the related average interest rates as of 31 December 2014 and related profit or loss amounts of transactions for the year ended 31 December 2014 with other related parties are as follows.

	<u>Entities with significant influence over the Group</u>		<u>Associates and companies under common control</u>		
	<u>RUR'000</u>	<u>Average interest rate</u>	<u>RUR'000</u>	<u>Average interest rate</u>	<u>Total RUR'000</u>
Consolidated statement of financial position					
ASSETS					
Loans to customers					
Principal balance with interest	-	-	14,394	21.22%	14,394
Provision for impairment	-	-	(1,245)	-	(1,245)
LIABILITIES					
Current accounts and deposits from customers	3,941	12.54%	3,723	-	7,664
Profit or loss					
Interest income	-	-	8,090	-	8,090
Interest expense	375	-	259	-	634
Fee and commission income	12	-	74	-	86

Other related parties include associates, companies under common control and entities with significant influence over the Group. The outstanding balances and the related average interest rates as of 31 December 2013 and related profit or loss amounts of transactions for the year ended 31 December 2013 with other related parties are as follows.

	<u>Entities with significant influence over the Group</u>		<u>Associates and companies under common control</u>		
	<u>RUR'000</u>	<u>Average interest rate</u>	<u>RUR'000</u>	<u>Average interest rate</u>	<u>Total RUR'000</u>
Consolidated statement of financial position					
ASSETS					
Loans to customers					
Principal balance with interest	-	-	253,725	10.00%	253,725
Provision for impairment	-	-	(65,826)	-	(65,826)
LIABILITIES					
Current accounts and deposits from customers	48,460	8.37%	9,819	6.08%	58,279
Profit or loss					
Interest income	-	-	3,537	-	3,537
Interest expense	5,684	-	207	-	5,891
Fee and commission income	12	-	79	-	91
Impairment losses	-	-	(65,154)	-	(65,154)

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Cash and cash equivalents at the end of the financial year as shown in the consolidated statement of cash flows are composed of the following items:

	2014 RUR'000	2013 RUR'000
Cash	11,079,308	6,267,061
Nostro accounts with Banks of the Russian Federation	15,442,715	11,414,514
Due from the Central Bank of the Russian Federation – nostro accounts	9,411,623	5,082,347
Placements with Banks of the Russian Federation with initial maturity within 3 month	2,965,425	1,959,258
Placements with OECD banks with original maturity within 3 month	2,817,139	1,317,574
Nostro accounts of OECD banks	1,893,768	3,276,978
Cash equivalents of discontinued operations classified as held for sale	-	8,383,583
	43,609,978	37,701,315

41. FAIR VALUE OF FINANCIAL INSTRUMENTS

IFRS defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The estimated fair values of cash, mandatory cash balances with the CBRF, and placements with banks and other financial institutions are their carrying values.

The estimated fair value of financial instruments at fair value through profit or loss and quoted available-for-sale securities are based on quoted market prices at the reporting date without any deduction for transaction costs.

The estimated fair values of all other financial assets and liabilities are calculated using discounted cash flow techniques based on estimated future cash flows and discount rates for similar instruments at the reporting date.

Valuation techniques

The Group uses a number of methodologies to determine the fair values of financial instruments for which observable prices in active markets for identical instruments are not available. These techniques include: relative value methodologies based on observable prices for similar instruments; present value approaches where future cash flows from the asset or liability are estimated and then discounted using a risk-adjusted interest rate.

The principal inputs to these valuation techniques are listed below. Values between and beyond available data points are obtained by interpolation and extrapolation. When utilising valuation techniques, the fair value can be significantly affected by the choice of valuation model and by underlying assumptions concerning factors such as the amounts and timing of cash flows, discount rates and credit risk.

Bond prices – quoted prices are generally available for government bonds, certain corporate securities and some mortgage-related products.

Interest rates – these are principally benchmark interest rates or internal Bank rates effective as at reporting date and quoted interest rates in the swap, bond and futures markets.

Foreign currency exchange rates – there are observable markets both for spot and forward contracts and futures in the world's major currencies.

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Equity and equity index prices – quoted prices are generally readily available for equity shares listed on the world's major stock exchanges and for major indices on such shares.

Commodity prices – many commodities are actively traded in spot and forward contracts and futures on exchanges in London, New York and other commercial centers.

In order to determine a reliable fair value, where appropriate, management applies valuation adjustments to the pricing information gathered from the above sources. Furthermore, on an ongoing basis, the Group assesses the appropriateness of any model used.

Financial assets and liabilities

The following methods and significant assumptions have been applied to estimate the fair values of following financial instruments:

Cash and balances with the CBRF and minimum reserve deposit with the CBRF, due to the short-term environment and availability restrictions of these types of assets, the carrying amount is assumed to be reasonable estimate of their fair value.

The estimated fair value of quoted trading securities and derivative financial instruments, comprising financial assets at fair value through profit or loss category, is determined based on quoted active market prices at the reporting date.

The fair value of loans and advanced to banks and loans to customers for loans provided during the period of one month to the reporting date is assumed to be fair value amount for them. The fair value of the other loans is estimated by application of market interest rates when the loans were originated with the year-end market rates offered on similar deposits with the deduction of the allowances for credit losses from the calculated fair value amounts. The estimated fair value of promissory notes and bonds comprising investments available-for-sale category is determined based on the quoted market prices. Investments in equity instruments, which do not have quoted market prices in an active market are measured at cost, as their fair value can not be measured reliably.

Other financial assets and liabilities is mainly represented by short-term receivables and payables, therefore the carrying amount is assumed to be reasonable estimate of their fair value.

The fair value of term deposits (included in customer accounts and deposits from banks) for term deposits placed during the period of one month to the reporting date is assumed to be fair value amount for them. The fair value of the other term deposits is estimated by application of market interest rates when the deposits were placed with the year-end market rates offered on similar deposits. The carrying amount of current customer accounts is assumed to be reasonable estimate of their fair value due to the short-term environment and availability requirements of these types of liability.

The fair value of issued bonds, Eurobonds, promissory notes and subordinated liabilities is based on quoted prices. Where these are not available, fair value is based on expected cash flows discounted using market interest rates for similar securities or funds whose market rates are quoted.

The valuation techniques have been consistently applied by the Group across the years.

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis

Except as detailed in the following table, the directors consider that the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values.

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The Management of the Group believes fair values of all financial instruments, except as described below, approximate their carrying values.

	2014 RUR'000 Carrying value	2014 RUR'000 Fair value	2013 RUR'000 Carrying value	2013 RUR'000 Fair value
ASSETS				
Placements with banks and other financial institutions	23,119,049	23,012,785	19,605,045	19,605,045
Loans to customers	76,340,666	74,442,648	59,539,207	57,895,552
Held-to-maturity investments	6,978,401	6,380,222	1,498,474	1,488,379

LIABILITIES

Deposits and balances from banks and other financial institutions	8,250,452	8,181,319	8,119,059	8,096,633
Current accounts and deposits from customers	138,541,014	139,159,744	110,582,224	110,933,989
Debt securities issued	5,742,112	5,739,011	5,506,989	5,501,336
Other borrowed funds	4,537,804	4,516,716	1,785,462	1,758,160
Subordinated debt	6,188,665	6,090,761	2,361,404	2,329,757

	Level 1	Level 2	Level 3	31 December 2014 Total
ASSETS				
Placements with banks and other financial institutions	-	23,012,785	-	23,012,785
Loans to customers	-	74,442,648	-	74,442,648
Held-to-maturity investments	6,380,222	-	-	6,380,222

LIABILITIES

Deposits and balances from banks and other financial institutions	-	8,181,319	-	8,181,319
Current accounts and deposits from customers	-	139,159,744	-	139,159,744
Debt securities issued	-	5,739,011	-	5,739,011
Other borrowed funds	-	4,516,716	-	4,516,716
Subordinated debt	-	6,090,761	-	6,090,761

	Level 1	Level 2	Level 3	31 December 2013 Total
ASSETS				
Placements with banks and other financial institutions	-	19,605,045	-	19,605,045
Loans to customers	-	57,895,552	-	57,895,552
Held-to-maturity investments	1,488,379	-	-	1,488,379

LIABILITIES

Deposits and balances from banks and other financial institutions	-	8,096,633	-	8,096,633
Current accounts and deposits from customers	-	110,933,989	-	110,933,989
Debt securities issued	-	5,501,336	-	5,501,336
Other borrowed funds	-	1,758,160	-	1,758,160
Subordinated debt	-	2,329,757	-	2,329,757

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The fair values of the financial assets and financial liabilities included in the level 2 categories above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

Valuation hierarchy

The tables below show the financial instruments carried at fair value by hierarchy – level 1, level 2 and level 3. The valuation techniques, main assumptions used in the valuation of these instruments and reasonably possible increases or decreases in fair value based on reasonably possible alternative assumptions for level 3 financial instruments are set out below.

Quoted prices in an active market (Level 1): Valuations based on quoted prices in active markets that the Group has the ability to access for identical assets or liabilities. Valuation adjustments and block discounts are not applied to these financial instruments. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuations of these products does not entail a significant amount of judgment.

Valuation techniques using observable inputs (Level 2) – Valuations based on inputs for which all significant inputs are observable, either directly or indirectly and valuations based on one or more observable quoted prices for orderly transactions in markets that are not considered active.

Valuation techniques incorporating information other than observable market data (Level 3) – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

There were no significant transfers to or from Level 1, Level 2 or Level 3 of the fair value hierarchy during the period.

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	December 31, 2014	December 31, 2013				
Financial assets						
1) Financial instruments at fair value through profit or loss (see Note 17)	38,385,551	40,418,105	Level 1	Quoted bid prices in an active market	N/A	N/A
2) Financial instruments at fair value through profit or loss (see Note 17)	4,357,817	209,872	Level 2	Quoted bid prices in an active market and foreign currency exchange rates	N/A	N/A
Financial liabilities						
3) Financial instruments at fair value through profit or loss (see Note 17)	16,584	1,311,503	Level 1	Quoted bid prices in an active market	N/A	N/A
4) Financial instruments at fair value through profit or loss (see Note 17)	212,843	63,065	Level 2	Quoted bid prices in an active market and foreign currency exchange rates	N/A	N/A

The Group does not have any financial instruments for which fair value is based on valuation techniques involving the use of non-market observable inputs. The table above does not include available-for-sale securities, as those are carried at cost.

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The table below displays average effective interest rates for interest bearing assets and liabilities as at 31 December 2014 and 2013. These interest rates are an approximation of the yields to maturity of these assets and liabilities.

	Value RUR'000	2014 Average effective interest rate	Value RUR'000	2013 Average effective interest rate
Interest bearing assets				
Placements with banks and other financial institutions				
<i>Loans and deposits</i>				
- RUR	2,249,314	19.57%	1,570,121	9.88%
- USD	3,532,245	2.94%	3,343,431	1.72%
Financial instruments at fair value through profit or loss				
- RUR	13,807,156	7.54%	24,519,427	7.40%
- USD	24,408,052	7.06%	14,560,422	6.95%
Amounts receivable under reverse repurchase agreements				
- RUR	1,000,614	19.00%	6,440	8.95%
Loans to customers				
- RUR	84,626,341	26.63%	58,717,456	29.10%
- USD	5,835,658	6.44%	782,602	17.18%
- other currencies	137,018	8.76%	39,149	12.59%
Held-to-maturity investments				
- RUR	6,978,401	7.00%	1,498,474	6.97%
Interest bearing liabilities				
Deposits and balances from banks and other financial institutions				
<i>Term deposits</i>				
- RUR	7,994,746	13.97%	5,779,389	9.56%
- USD	113,105	0.10%	828,441	3.36%
- other currencies	-	-	450,703	4.77%
Amounts payable under repurchase agreements				
- RUR	4,825,898	17.43%	1,216,420	5.50%
- USD	1,858,548	5.19%	666,645	1.77%
Current accounts and deposits from customers				
<i>Term deposits of legal entities</i>				
- RUR	10,974,403	17.08%	13,054,160	10.66%
- USD	1,936,459	3.58%	1,462,720	3.90%
- other currencies	562,660	4.46%	607,381	4.58%
<i>Term deposits of individuals</i>				
- RUR	83,497,693	13.44%	54,883,050	8.65%
- USD	11,502,482	4.85%	9,076,342	5.68%
- other currencies	6,509,838	4.80%	4,684,051	5.58%
Debt securities issued				
- RUR	999,370	12.39%	2,496,732	8.82%
- USD	4,663,162	10.54%	2,868,504	10.39%
- other currencies	79,580	4.40%	141,753	6.18%
Other borrowed funds				
- RUR	3,351,338	9.29%	-	-
- EURO	1,153,311	2.91%	1,721,530	4.37%
- other currencies	33,155	5.25%	63,932	5.25%
Subordinated debt				
- RUR	731,599	8.54%	495,839	8.41%
- USD	5,457,066	6.91%	1,865,565	7.13%

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43. MATURITY ANALYSIS

The following table show assets and liabilities of the Group by their remaining contractual maturity as at 31 December 2014, with the exception of financial instruments at fair value through profit or loss and available-for-sale securities, which are shown in the category "Less than 1 month or on demand" based on the fact that the Group's management believes that all of these trading securities could be liquidated within one month in the normal course of business.

ASSETS	Less than 1 month RUR'000	1 to 3 months RUR'000	3 to 6 months RUR'000	6 months to 1 year RUR'000	1 to 3 years RUR'000	More than 3 years RUR'000	No maturity RUR'000	Overdue RUR'000	Total RUR'000
Cash	11,079,308	-	-	-	-	-	-	-	11,079,308
Due from the Central Bank of the Russian Federation	9,411,623	-	-	-	-	-	-	-	9,411,623
Mandatory cash balances with the Central Bank of the Russian Federation	-	-	-	-	-	-	2,397,711	-	2,397,711
Placements with banks and other financial institutions	18,096,334	5,022,715	-	-	-	-	-	-	23,119,049
Financial assets at fair value through profit or loss	38,764,126	3,979,242	-	-	-	-	-	-	42,743,368
Amounts receivable under reverse repurchase agreements	1,000,614	-	-	-	-	-	-	-	1,000,614
Loans to customers	5,115,982	10,200,553	6,642,487	12,493,226	17,208,225	16,966,827	-	7,713,366	76,340,666
Held-to-maturity investments	-	-	978,751	-	5,999,650	-	-	-	6,978,401
Available-for-sale securities	201	-	-	-	-	-	-	-	201
Property, equipment and intangible assets	-	-	-	-	-	-	6,834,187	-	6,834,187
Development property	-	-	-	-	-	-	741,989	-	741,989
Investment property	-	-	-	-	-	-	1,631,739	-	1,631,739
Goodwill	-	-	-	-	-	-	252,676	-	252,676
Current income tax asset	-	640,944	-	-	-	-	-	-	640,944
Deferred tax asset	-	-	-	-	2,818,373	-	-	-	2,818,373
Other assets	864,775	162,676	111,807	400,019	9,966	37,146	-	-	1,586,309
Total assets	84,332,963	20,006,030	7,733,045	12,893,245	26,036,234	17,003,973	11,858,302	7,713,366	187,577,158

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	Less than 1 month RUR'000	1 to 3 months RUR'000	3 to 6 months RUR'000	6 months to 1 year RUR'000	1 to 3 years RUR'000	More than 3 years RUR'000	No maturity RUR'000	Overdue RUR'000	Total RUR'000
LIABILITIES									
Financial liabilities at fair value through profit or loss	183,550	45,877	-	-	-	-	-	-	229,427
Deposits and balances from banks and other financial institutions	544,878	1,816,028	-	1,449,575	4,372,823	67,048	-	-	8,250,452
Amounts payable under repurchase agreements	6,684,446	-	-	-	-	-	-	-	6,684,446
Current accounts and deposits from customers	31,936,533	12,093,140	12,005,131	26,946,101	55,525,549	34,560	-	-	138,541,014
Debt securities issued	293,808	1,104,680	510,071	259,662	3,570,716	3,375	-	-	5,742,112
Other borrowed funds	-	72,725	113,773	457,751	1,241,347	2,652,208	-	-	4,537,804
Subordinated debt	-	-	-	-	-	6,188,665	-	-	6,188,665
Other liabilities	115,068	298,506	-	1,738,920	4,511	-	-	-	2,156,905
Total liabilities	39,758,283	15,430,856	12,628,975	30,851,809	64,715,046	8,945,856	-	-	172,330,825
Net position as at 31 December 2014	44,574,680	4,575,174	(4,895,930)	(17,958,564)	(38,678,812)	8,058,117	11,858,302	7,713,366	15,246,333

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The following table show assets and liabilities of the Group by their remaining contractual maturity as at 31 December 2013, with the exception of financial instruments at fair value through profit or loss and available-for-sale securities, which are shown in the category "Less than 1 month or on demand" based on the fact that the Group's management believes that all of these trading securities could be liquidated within one month in the normal course of business.

ASSETS	Less than 1 month RUR'000	1 to 3 months RUR'000	3 to 6 months RUR'000	6 months to 1 year RUR'000	1 to 3 years RUR'000	More than 3 years RUR'000	No maturity RUR'000	Overdue RUR'000	Total RUR'000
Cash	6,267,061	-	-	-	-	-	-	-	6,267,061
Due from the Central Bank of the Russian Federation	5,082,347	-	-	-	-	-	-	-	5,082,347
Mandatory cash balances with the Central Bank of the Russian Federation	-	-	-	-	-	-	1,268,350	-	1,268,350
Placements with banks and other financial institutions	15,640,669	2,327,665	-	1,636,721	-	-	-	-	19,605,045
Financial assets at fair value through profit or loss	40,627,977	-	-	-	-	-	-	-	40,627,977
Amounts receivable under reverse repurchase agreements	6,440	-	-	-	-	-	-	-	6,440
Loans to customers	7,266,409	10,393,723	5,671,411	7,034,108	15,791,544	7,196,238	-	6,163,774	59,539,207
Held-to-maturity investments	-	-	-	-	1,498,474	-	-	-	1,498,474
Available-for-sale securities	105,076	-	-	-	-	-	-	-	105,076
Property, equipment and intangible assets	-	-	-	-	-	-	4,431,803	-	4,431,803
Development property	-	-	-	-	-	2,650,974	-	-	2,650,974
Investment property	-	-	-	-	1,224,473	-	-	-	1,224,473
Goodwill	-	-	-	-	-	-	252,676	-	252,676
Current income tax asset	-	79,668	-	-	-	-	-	-	79,668
Deferred tax asset	-	-	-	-	1,181,406	-	-	-	1,181,406
Other assets	838,008	54,077	4,017	66,159	20,837	26,798	-	-	1,029,896
Assets of discontinued operations classified as held for sale	9,685,977	1,461,540	1,374,833	2,241,373	3,915,517	3,694,522	2,017,959	2,363,042	26,754,763
Total assets	85,541,954	14,316,673	7,050,261	10,998,361	23,632,251	13,568,532	7,970,788	8,526,816	171,605,636

Due to the fact that substantially all the financial instruments are fixed rated contracts, these remaining contractual maturity dates also represent the contractual interest rate repricing dates.

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The amounts in this table represent the carrying amounts of the assets and liabilities as at the reporting date and do not include future interest payments.

LIABILITIES	Less than 1 month RUR'000	1 to 3 months RUR'000	3 to 6 months RUR'000	6 months to 1 year RUR'000	1 to 3 years RUR'000	More than 3 years RUR'000	No maturity RUR'000	Overdue RUR'000	Total RUR'000
Financial liabilities at fair value through profit or loss	1,374,568	-	-	-	-	-	-	-	1,374,568
Deposits and balances from banks and other financial institutions	3,530,332	2,231,496	698,617	1,506,828	100,386	51,400	-	-	8,119,059
Amounts payable under repurchase agreements	1,883,065	-	-	-	-	-	-	-	1,883,065
Current accounts and deposits from customers	32,158,409	7,594,563	11,679,569	22,564,504	36,576,051	9,128	-	-	110,582,224
Debt securities issued	530,817	378,371	801,687	1,132,013	2,664,047	54	-	-	5,506,989
Other borrowed funds	-	189,412	353,506	94,723	1,147,821	-	-	-	1,785,462
Subordinated debt	-	-	-	114,552	-	2,246,852	-	-	2,361,404
Other liabilities	158,464	271,387	-	1,419,777	5,200	-	-	-	1,854,828
Liabilities associated with assets of discontinued operations classified as held for sale	8,725,405	905,482	707,417	3,274,265	7,068,396	99,863	-	-	20,760,828
Total liabilities	48,361,060	11,570,711	14,240,796	30,106,662	47,561,901	2,407,297	-	-	154,248,427
Net position as at 31 December 2013	37,180,894	2,745,962	(7,190,535)	(19,108,301)	(23,929,650)	11,161,235	7,970,788	8,526,816	17,357,209

PROBUSBUSINESSBANK GROUP**NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
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The following table shows the currency structure of assets and liabilities at 31 December 2014.

	RUR RUR'000	USD RUR'000	EUR RUR'000	Other currencies RUR'000	Total RUR'000
ASSETS					
Cash	7,197,991	2,302,315	1,568,295	10,707	11,079,308
Due from the Central Bank of the Russian Federation	9,411,623	-	-	-	9,411,623
Mandatory cash balances with the Central Bank of the Russian Federation	2,397,711	-	-	-	2,397,711
Placements with banks and other financial institutions	3,601,033	16,435,524	1,187,148	1,895,344	23,119,049
Financial assets at fair value through profit or loss	14,077,271	28,666,097	-	-	42,743,368
Amounts receivable under reverse repurchase agreements	1,000,614	-	-	-	1,000,614
Loans to customers	62,771,697	13,553,424	15,545	-	76,340,666
Held-to-maturity investments	6,978,401	-	-	-	6,978,401
Available-for-sale securities	201	-	-	-	201
Property, equipment and intangible assets	6,834,187	-	-	-	6,834,187
Development property	741,989	-	-	-	741,989
Investment property	1,631,739	-	-	-	1,631,739
Goodwill	252,676	-	-	-	252,676
Current income tax asset	640,944	-	-	-	640,944
Deferred tax asset	2,818,373	-	-	-	2,818,373
Other assets	1,544,633	17,849	23,208	619	1,586,309
Total assets	121,901,083	60,975,209	2,794,196	1,906,670	187,577,158
LIABILITIES					
Financial liabilities at fair value through profit or loss	229,427	-	-	-	229,427
Deposits and balances from banks and other financial institutions	8,009,451	155,691	85,044	266	8,250,452
Amounts payable under repurchase agreements	4,825,898	1,858,548	-	-	6,684,446
Current accounts and deposits from customers	115,572,845	14,938,136	8,020,499	9,534	138,541,014
Debt securities issued	999,370	4,663,162	79,580	-	5,742,112
Other borrowed funds	3,351,338	-	1,153,311	33,155	4,537,804
Subordinated debt	731,599	5,457,066	-	-	6,188,665
Other liabilities	1,625,095	5,258	400,389	126,163	2,156,905
Total liabilities	135,345,023	27,077,861	9,738,823	169,118	172,330,825
Net on balance sheet position as at 31 December 2014	(13,443,940)	33,897,348	(6,944,627)	1,737,552	15,246,333
Net off balance sheet position as at 31 December 2014	30,915,112	(35,385,342)	6,296,892	(1,826,662)	-
Net on and off balance sheet positions as at 31 December 2014	17,471,172	(1,487,994)	(647,735)	(89,110)	15,246,333

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The following table shows the currency structure of assets and liabilities at 31 December 2013

	RUR RUR'000	USD RUR'000	EUR RUR'000	Other currencies RUR'000	Total RUR'000
ASSETS					
Cash	4,219,633	1,043,774	996,265	7,389	6,267,061
Due from the Central Bank of the Russian Federation	5,082,347	-	-	-	5,082,347
Mandatory cash balances with the Central Bank of the Russian Federation	1,268,350	-	-	-	1,268,350
Placements with banks and other financial institutions	2,842,636	12,448,328	2,486,393	1,827,688	19,605,045
Financial assets at fair value through profit or loss	24,744,492	15,872,494	10,991	-	40,627,977
Amounts receivable under reverse repurchase agreements	6,440	-	-	-	6,440
Loans to customers	58,717,456	782,602	39,149	-	59,539,207
Held-to-maturity investments	1,498,474	-	-	-	1,498,474
Available-for-sale securities	105,076	-	-	-	105,076
Property, equipment and intangible assets	4,431,803	-	-	-	4,431,803
Development property	2,650,974	-	-	-	2,650,974
Investment property	1,224,473	-	-	-	1,224,473
Goodwill	252,676	-	-	-	252,676
Current income tax asset	79,668	-	-	-	79,668
Deferred tax asset	1,181,406	-	-	-	1,181,406
Other assets	1,001,946	5,026	22,601	323	1,029,896
Assets of discontinued operations classified as held for sale	25,351,015	1,100,821	291,483	11,444	26,754,763
Total assets	134,658,865	31,253,045	3,846,882	1,846,844	171,605,636
LIABILITIES					
Financial liabilities at fair value through profit or loss	1,371,316	3,118	134	-	1,374,568
Deposits and balances from banks and other financial institutions	6,209,100	1,401,336	508,456	167	8,119,059
Amounts payable under repurchase agreements	1,216,420	666,645	-	-	1,883,065
Current accounts and deposits from customers	93,132,900	11,499,256	5,939,885	10,183	110,582,224
Debt securities issued	2,496,732	2,868,504	141,753	-	5,506,989
Other borrowed funds	-	-	1,721,530	63,932	1,785,462
Subordinated debt	495,840	1,865,564	-	-	2,361,404
Other liabilities	1,851,554	3,197	77	-	1,854,828
Liabilities associated with assets of discontinued operations classified as held for sale	20,000,723	450,889	327,892	1,324	20,780,828
Total liabilities	126,774,585	18,758,509	8,639,727	75,606	154,248,427
Net on balance sheet position as at 31 December 2013	7,884,280	12,494,536	(4,792,845)	1,771,238	17,357,209
Net off balance sheet position as at 31 December 2013	10,406,339	(13,280,888)	4,482,227	(1,607,678)	-
Net on and off balance sheet positions as at 31 December 2013	18,290,619	(786,352)	(310,618)	163,560	17,357,209
Net on and off balance sheet positions as at 31 December 2012	15,333,802	(151,904)	(177,378)	45,025	15,049,545

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The following table shows the geographical concentration of assets and liabilities at 31 December 2014.

	Russia RUR'000	Non-OECD countries RUR'000	OECD countries RUR'000	31 December 2014 Total RUR'000
ASSETS				
Cash	11,079,308	-	-	11,079,308
Due from the Central Bank of the Russian Federation	9,411,623	-	-	9,411,623
Mandatory cash balances with the Central Bank of the Russian Federation	2,397,711	-	-	2,397,711
Placements with banks and other financial institutions	4,361,330	3,513,811	15,243,908	23,119,049
Financial assets at fair value through profit or loss	29,633,981	8,966,454	4,142,933	42,743,368
Amounts receivable under reverse repurchase agreements	1,000,614	-	-	1,000,614
Loans to customers	70,505,008	-	5,835,658	76,340,666
Held-to-maturity investments	6,978,401	-	-	6,978,401
Available-for-sale securities	201	-	-	201
Property, equipment and intangible assets	6,834,187	-	-	6,834,187
Development property	741,989	-	-	741,989
Investment property	1,631,739	-	-	1,631,739
Goodwill	252,676	-	-	252,676
Current income tax asset	640,944	-	-	640,944
Deferred tax asset	2,818,373	-	-	2,818,373
Other assets	1,586,309	-	-	1,586,309
TOTAL	149,874,394	12,480,265	25,222,499	187,577,158
LIABILITIES				
Financial liabilities at fair value through profit or loss	229,427	-	-	229,427
Deposits and balances from banks and other financial institutions	7,078,905	-	1,171,547	8,250,452
Amounts payable under repurchase agreements	6,684,446	-	-	6,684,446
Current accounts and deposits from customers	138,541,014	-	-	138,541,014
Debt securities issued	2,232,849	3,509,263	-	5,742,112
Other borrowed funds	3,351,338	-	1,186,466	4,537,804
Subordinated debt	731,600	5,457,065	-	6,188,665
Other liabilities	2,156,905	-	-	2,156,905
TOTAL FINANCIAL LIABILITIES	161,006,484	8,966,328	2,358,013	172,330,825
OPEN POSITION	(11,132,090)	3,513,937	22,864,486	

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The following table shows the geographical concentration of assets and liabilities at 31 December 2013.

	Russia RUR'000	Non-OECD countries RUR'000	OECD countries RUR'000	31 December 2013 Total RUR'000
ASSETS				
Cash	6,267,061	-	-	6,267,061
Due from the Central Bank of the Russian Federation	5,082,347	-	-	5,082,347
Mandatory cash balances with the Central Bank of the Russian Federation	1,268,350	-	-	1,268,350
Placements with banks and other financial institutions	13,004,167	777	6,600,101	19,605,045
Financial assets at fair value through profit or loss	34,568,282	1,550,239	4,509,456	40,627,977
Amounts receivable under reverse repurchase agreements	6,440	-	-	6,440
Loans to customers	59,539,207	-	-	59,539,207
Held-to-maturity investments	1,498,474	-	-	1,498,474
Available-for-sale securities	105,076	-	-	105,076
Property, equipment and intangible assets	4,431,803	-	-	4,431,803
Development property	2,650,974	-	-	2,650,974
Investment property	1,224,473	-	-	1,224,473
Goodwill	252,676	-	-	252,676
Current income tax asset	79,668	-	-	79,668
Deferred tax asset	1,181,406	-	-	1,181,406
Other assets	1,029,896	-	-	1,029,896
Assets of discontinued operations classified as held for sale	26,754,763	-	-	26,754,763
TOTAL	158,945,063	1,551,016	11,109,557	171,605,636
LIABILITIES				
Financial liabilities at fair value through profit or loss	1,324,225	-	50,343	1,374,568
Deposits and balances from banks and other financial institutions	7,616,496	104,634	397,929	8,119,059
Amounts payable under repurchase agreements	1,883,065	-	-	1,883,065
Current accounts and deposits from customers	110,582,224	-	-	110,582,224
Debt securities issued	3,480,592	2,026,397	-	5,506,989
Other borrowed funds	-	-	1,785,462	1,785,462
Subordinated debt	480,728	1,880,676	-	2,361,404
Other liabilities	1,854,828	-	-	1,854,828
Liabilities associated with assets of discontinued operations classified as held for sale	18,556,516	2,224,310	-	20,780,828
TOTAL FINANCIAL LIABILITIES	145,778,676	6,236,017	2,233,734	154,248,427
OPEN POSITION	13,166,387	{4,685,001}	8,875,823	

PROBUSBUSINESSBANK GROUP**NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014****46. ACQUISITION OF SUBSIDIARY**

On 21 April 2014, the Group obtained managerial control over OJSC CB "Solidarnost", by appointment to the Board of Directors of key top management personnel of OJSC "Probusinessbank". The control was obtained in order to increase the market share of the Group in the Samara region.

OJSC CB "Solidarnost" is a regional bank operating in the Samara region specialising in corporate lending, and access to a retail deposit base on the local market.

On 21 April 2014, the Group purchased a right to obtain shares from the existing owner of the bank. This agreement is valid until 22 December 2024 and is exercisable at any time when OJSC "Probusinessbank" decides to acquire 20% of the voting equity shares in OJSC CB "Solidarnost" at a fixed price. In combination of all these factors the Group has recognized 21 April 2014 as the date when the Group obtained control over OJSC CB "Solidarnost".

All settlements are to be made at the date of actual sale of the voting equity shares and there was no consideration transferred at the acquisition or reporting dates.

The fair values of OJSC CB "Solidarnost" identifiable assets and liabilities at the date of obtaining control were as follows:

	Fair value of assets and liabilities RUR'000
ASSETS	
Cash	640,125
Due from the Central Bank of the Russian Federation	234,287
Mandatory cash balances with the Central Bank of the Russian Federation	93,772
Placements with banks and other financial institutions	5,490,874
Financial instruments at fair value through profit or loss	272,569
Loans to customers	5,864,142
Property and equipment and intangible assets	1,272,406
Investment property	907,562
Deferred tax asset	534,658
Other assets	96,857
LIABILITIES	
Deposits and balances from banks and other financial institutions	(6)
Current accounts and deposits from customers	(9,007,675)
Debt securities issued	(30,793)
Other borrowed funds	(3,229,955)
Amounts payable under repurchase agreements	(215,604)
Other liabilities	(56,286)
Net identifiable assets acquired	2,866,933
Cash consideration paid	-
Non-controlling interest	2,866,933
Gain on acquisition	-

The following amounts were recognized in the consolidated financial statements in the period from the acquisition date to 31 December 2014 in respect of the above bank:

	OJSC CB "Solidarnost"
Total revenue	59,478
Net loss	(107,573)

PROBUSBANK GROUP**NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

The initial accounting for the acquisition of OJSC CB "Solidarnost" has only been provisionally determined at the end of the reporting period. At the date of finalization of these consolidated financial statements, the necessary market valuations and other calculations had not been finalized and they have therefore only been provisionally determined based on the Group management's best estimate.

The loans acquired to customers and to banks had fair values of RUR 5,864,142 thousand and RUR 5,490,874 thousand, respectively, and gross contractual amounts of RUR 11,988,575 thousand and RUR 5,490,874 thousand, respectively. The best estimate at acquisition date of the amounts expected not to be collected on these contractual cash flows is RUR 5,864,142 thousand and RUR 5,490,874 thousand, respectively.

Net cash outflow on acquisition of subsidiaries

	OJSC CB "Solidarnost"
Consideration paid in cash	-
Less: cash and cash equivalents acquired	(640,125)
Total	(640,125)

Had these business combinations been effected at 1 January 2014, the revenue of the Group from continuing operations would have been RUR 242,660 thousand, and the profit for the year from continuing operations would have been RUR 62,292 thousand. The Group management consider these pro-forma numbers to represent an approximate measure of the performance of the combined group on an annualized basis and to provide a reference point for comparison in future periods.

In determining the pro-forma revenue and profit of the Group had 20% been acquired at the beginning of the current reporting period, the Group management has:

- Calculated depreciation of plant and equipment acquired on the basis of the fair values arising in the initial accounting for the business combination rather than the carrying amounts recognized in the pre-acquisition financial statements;
- Calculated borrowing costs on the funding levels, credit ratings and debt/equity position of the Group after the business combination;
- Excluded takeover defense costs of the acquiree as a one-off pre-acquisition transaction.

The non-controlling interest recognized at the acquisition date was measured by reference to the non-controlling interests' proportionate share of the recognized amounts of the acquirer's identifiable net assets and amounted to RUR 2,866,933 thousand.

47. EARNINGS PER SHARE

(Losses)/earnings per share	2014	2013
<i>From continuing and discontinued operations</i>		
Basic and diluted (RUR)	(884.36)	625.32
<i>From continuing operations</i>		
Basic and diluted (RUR)	(944.31)	616.04

PROBUSBANK GROUP**NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014****Basic and diluted earnings per share**

The calculation of basic earnings per share as at 31 December 2014 is based on the loss attributable to ordinary shareholders of RUR 2,940,233 thousand (31 December 2013: profit of RUR 2,150,065 thousand), and a weighted average number of ordinary shares outstanding of 3,324,711 (2013: 3,438,329) calculated as follows.

	2014 RUR'000	2013 RUR'000
(Loss)/profit attributable to:		
Equity holders of the Bank	(2,940,233)	2,150,065
Non-controlling interest	(104,576)	50,969
(Loss)/profit for the year	(3,044,809)	2,201,034
	2014	2013
Issued ordinary shares at 31 December	3,438,329	3,438,329
Treasury shares	(113,618)	-
Weighted average number of ordinary shares for the year ended 31 December	3,324,711	3,438,329